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Final Edition ESTABLISHED OVER 100 YEARS In 2 Sections—Section 1

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 162 Number 4428 New York, N. Y., Thursday, October 11, 1945 Price 60 Cents a Copy

American Bankers Association Holds 71st Annual Meeting

Foregoing Regular Annual Convention, the Administrative Committee and Executive Council, Meeting in New York Sept. 27-28, Elect Frank C. Rathje of Chicago President and Receive Reports of Committees. C. W. Bailey, President of First National Bank, Clarksville, Tenn., Elected Vice-President, and S. Albert Phillips, Vice-President of the First National Bank, Louisville, Ky., Made Treasurer. ABA Membership Now Represents 92.2% of Nation's Banking Resources.

The Administrative Committee of the American Bankers Association met at the Waldorf-Astoria Hotel in New York City on Sept. 27 and 28 to install new officers and receive reports of the various committees and commissions of the organization. Due to travel restrictions the regular annual convention, which would have been the 71st annual meeting, was not held this year.

Frank C. Rathje

C. W. Bailey

S. Albert Phillips

The Administrative Committee ratified the election of Frank C. Rathje, Chairman of the Board and President of the Chicago City Bank and Trust Company, as President for the ensuing year to succeed W. Randolph Burgess, Vice Chairman of the Board, the National City Bank of New York.

C. W. Bailey, President, First National Bank, Clarksville, Tenn., was elected Vice-President of the Association to succeed Mr. Rathje, and S. Albert Phillips, Vice-President of the First National Bank, Louisville, Ky., was elected Treasurer to succeed Wilmer J. Walier President, Hamilton National Bank, Washington, D. C., who completed a two-year term in that office.

Officers of the Association were elected by members of its Executive Council under emergency

(Continued on page 1720)

Present World Trade Problems

By WINTHROP W. ALDRICH*

President, International Chamber of Commerce
Chairman, Chase National Bank, New York City

Describing the London Meeting Which Reactivated the International Chamber of Commerce, Mr. Aldrich Stresses Its Role in Preserving and Expanding Private Enterprise and Promoting Multilateral Trade. Holds Revived Organization Must Operate as an Economic Instituton, Free From Political Restraints and Controls, but Favors Close Relationship With the UNO Economic and Social Council. Sees Need of Anglo-American Cooperation Whereby Great Britain Will Adhere to Multilateral Trade and Predicts That Continued Quadrilateral Rule in Germany Will Lead to European Chaos.

Last July when I was about to leave for London to attend the Council of the International Chamber of Commerce, your Chairman suggested that upon my return I discuss with you the work and objectives of the International Chamber and tell you what took place at this Session of the Council. It was also my plan at that time to visit France, Holland and such other countries on the continent as time would permit and your Chairman has proposed that I say a few words

W. W. Aldrich

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*An address by Mr. Aldrich before a meeting of the Chamber of Commerce of the State of New York, New York City, Oct. 4, 1945.

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Index of Regular Features on page 1744.

Dangers In Big Government

By W. RANDOLPH BURGESS*

Retiring President, American Bankers Association
Vice-Chairman, National City Bank, New York

Retiring ABA President Says That We Must Not Relax Our Vigilance to Preserve Democracy and Urges Bankers and Other Organizations to Give Continuing Attention to the Larger Problems of Government and Its Relation to Private Enterprise. Stresses Importance of Education to Help Banking to Do Its Own Job Better and Holds the Last Year Has Been One of Achievement for the ABA.

If we had three or four hours I should like to tell you about the work of the American Bankers Association during the past year. It is a dramatic story and a full story of the volunteer efforts of hundreds of bankers who have piled on top of their own crowded days devoted work for banking as a whole and, beyond that, for sound economic policy in the United States. Bankers generally do not realize the debt we owe to our committee chairmen and members, as well as to the busy staff which works constantly at high pressure under the inspiring leadership of Harold Stonier.

What I must not fail to pass on to you in this swan song is something of what I have learned about the broader meaning of the Association as I have seen it intimately at work in New York, Washington, and many other parts of the country.

W. R. Burgess

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*Remarks of Mr. Burgess at the Inaugural Luncheon of the Administrative Committee of the American Bankers Association at the Waldorf-Astoria Hotel, New York City, September 28, 1945.

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Record Construction Boom Forecast

Authorities Predict Five-Year Activity. They Warn of Inflation of Costs. AFL Union Official Takes Government to Task for Delaying the Flow of Needed Building Materials and Sees Little Chance of Any Great Volume of New Construction Starting Before Late Spring or Summer of 1946.

A five-year construction boom of uprecedented dimensions was predicted by the speakers at the Business Forum of the Commerce and Industry Association of New York City broadcast over Station WMCA Oct. 2. The participants were: Thomas S. Holden, President F. W. Dodge Corporation; Alfred Rheinstein, President Rheinstein Construction Co., and Howard McSpedon, President Building and Construction Trades Council of AFL.

Thomas S. Holden

Alfred Rheinstein

Howard McSpedon

Mr. Holden warned of the danger of the inflation of costs that might result from concentrating the necessary volume of work in too short a period of time.

"In most urban centers," said Mr. Holden, "the total of urgent private construction needs appears to exceed the 1946 capacity of the construction industry. Consequently, efforts to rush public projects on a large scale would tend to overload the industry and to create a strong pressure toward further inflation of construction costs.

"For the area comprised by the five boroughs of New York City plus the metropolitan counties of New York State as far north as Newburgh—it is to be noted that this does not include northern New Jersey—F. W. Dodge Corporation has reported private post-war projects in the design stage amounting to $797,000,000. The figure includes specific new projects only, nothing in the way of tabulated figures or estimates for deferred maintenance, repair and modernization work.

"This figure for planned private work—$797,000,000—is vastly greater than the contract total for all private plus public construction in the area executed within any one of the past 15 years.

"The figure is more than 15 times as large as the total 1944 contract volume for the area. I do not believe the output of the local construction industry, which has operated at lower than depression levels during the war, can be stepped up in a single year to meet any such demand. We cannot expect to reach peak construction volume in a single leap."

Discussing the effect of increased costs on construction revival, Mr. Holden predicted that "a first efect may be to slow down new projects. Owners and investors are likely to receive bids higher than their preliminary cost estimates. They may restudy their projects with a view to scaling down; they may have to do additional financing. Public officials may have to get extra appropriations. All will want to

(Continued on page 1733)

The Fourth Quarter Outlook

By EDSON GOULD*

Of the Research Staff, Smith, Barney & Co.

Contending That There Is No Change in Long Term Factors, Mr. Gould Sees Recent Developments That Could Bring a Temporary Reversal in the Upward Movement of the Stock Market. Among These Developments Are Continuation of High Taxes, Strikes, the Unsettled Problems of Price Control and the Foreign Affairs Situation. Holds These Factors "Are Relatively Minor Rather Than Major" and That "a Material Further Rise in Stock Prices Is a Reasonable Expectation."

Stock prices have reached a level that suggests that investors with funds still to invest defer further buying and await a better buying opportunity which seems likely to develop some time over the next seven weeks. There is no change in long term factors working for higher stock prices, but the recent environment that has led investors and speculators to ignore near term uncertainties, and rather to concentrate upon longer term factors, could change rather abruptly and bring at least a temporary reversal in the major upward movement.

Edson Gould

In the approximate three weeks from August 20th to Sept. 13th the Dow-Jones Industrial Average rose about 17 points to moderately above 179. In the subsequent, approximate three weeks the net gain has been about six points. Thus, despite the appearance of continuing great strength, the vigor of advance has materially slowed. Probably 10 or 12 points would be all the reaction one might expect in this average at this time, but this extent of reaction extending over several

(Continued on page 1726)

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*The views and opinions expressed in this article are those of the writer and not necessarily those of the firm of Smith, Barney & Co.

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The COMMERCIAL and
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Herbert D. Seibert,
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William Dana Seibert, *President*
William D. Riggs, *Business Manager*

Thursday, October 11, 1945

Published twice a week
every Thursday
(general news and advertising issue)
and every Monday
(complete statistical issue—market quotation records, corporation, banking, clearings, state and city news, etc.)

Other Offices: 135 S. La Salle St., Chicago 3, Ill. (Telephone: State 0613); 1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Possessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico, and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.

Other Publications
Bank and Quotation Record—Mth. $25 yr.
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NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Flouting and Usurping The Legislative Function

Securities Field Must Look to Its Political Fences. SEC and NASD Using Rule-Making Power As Screen for Usurping Legislative Functions. Trade Custom Being Improperly Changed to Detriment of Small Business. Investigation Urged. Congressional Opportunity for Remedial Legislation.

The critics of the Securities and Exchange Commission and of the National Association of Securities Dealers have been legion.

Of the many criticisms leveled at these organizations, the one charging that both of them in effect are making laws under their rule-making power rather than interpreting the statute is cardinal.

The power to legislate is essentially within the Congressional domain. Our government was founded upon the philosophy of a trichotomy of powers, the executive, the legislative and the judicial, each having its distinctive function, the delegation of which would violate our Constitution.

It was never intended that within their respective spheres the SEC and the NASD should act as law-making bodies and as a substitute for both Houses of our national legislature. Yet, that is exactly what is happening today and has been occurring for some time.

Under the guise of defining what constitutes "fair and equitable principles of trade" both these bodies are completely changing trade custom and usage in the securities field, which, in our opinion, can only be done properly and legally by means of the exercise of the legislative function.

Given this broad, nebulous, phrase as a background, the SEC and the NASD are running all over the lot, their last creation being the recent amendment which requires registration of salesmen, traders, employees, etc., etc., and which makes possible the submission to member firms of the NASD of by-laws which would control and define reasonable profits, reasonable commissions, and other charges.

It is no surprise that a number of large underwriting firms are opposed to these recent amendments despite the fact that in some of the activities of the SEC and NASD these firms may have come out as temporary beneficiaries. Large firms using principles of intelligent finance realize that they cannot benefit in the long run at the expense of the investment business as a whole and of the country.

During this period of reconversion, the Congress has been particularly concerned with the problem of small business. It has appointed a Small Business Committee. Many of the Congressional Committees have emphasized the importance of small business and the needs of giving it a safe place in the reconversion era of this country.

We maintain that the past and proposed activities of the

(Continued on page 1735)

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Nationalization of Bank of England

By HERBERT M. BRATTER

(Special Cable to "The Chronicle")

Bill to Carry Out Labor Government's Program Published. Governor and Other Officials to Be Appointed by British Government. Stockholders to Receive Government Bonds to an Amount Based on Capitalization of 20 Years' Average Dividends. Hugh Dalton Says Relations With Other Banks Not Affected, but Government Ownership of Central Bank Has Vast Powers.

LONDON, October 10—The Bill for nationalizing the Bank of England was published today. It is regarded by the financial district of London as providing the stockholders with a very liberal settlement. However, the Bill, in this regard, is not necessarily a pattern for the compensation of stockholders of the coal or any other industries which may later be nationalized. Each of these will be individually treated.

Herbert M. Bratter

After, perhaps a three months' debate, the Bill will be passed without change, as it is said to be the product of long deliberation and consultation.

An outstanding feature is that the Bill gives the Government, through the Bank, complete control of commercial and other banking in England. The power will be there for this or future British Governments to use. British bankers realize that the Government has the parliamentary power to nationalize all banks. Therefore, they will "play ball." Doubtless, the Chancellor of the Exchequer, Mr. Hugh Dalton, had this in mind when he emphasized to the press that the measure involves no change in relations of "the Old Lady of

(Continued on page 1743)

Economy In Government Essential

Fred I. Kent, Director, Bankers Trust Company of New York, in Report as Chairman of the ABA Commerce and Marine Commission, Points Out the Dangers of Government Spending to Satisfy Pressure Groups. Says Employment Problem Cannot Be Solved by Government Taking Money From the Public. Decries Nationalization of Banking and Industry and Trends Toward Dictatorship That Will Lead to Another War and Urges Educational Activity as a Counter-Measure.

Reporting as Chairman of the Commerce and Marine Commission of the American Bankers Association, Fred I. Kent, Director of the Bankers Trust Company of New York, stated that Congress must think in terms of thousands and millions instead of billions, if our economy is to endure and we are to avoid dictatorship and another war. The text of Mr. Kent's report follows:

Fred I. Kent

During the war the work of the Commerce and Marine Commission was confined largely to the measurement of those forces which developed that were expected to have an influence on business and industry in the United States and the world in the postwar period.

The wasteful government expenditure that was carried on by our government for most of the decade previous to the war and the wasteful non-essential expenditure during the war must be stopped short unless we wish our country to degenerate into one with a standard of living equivalent to that of many of the European countries in the prewar period which helped to cause the unrest which led to World War II.

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By ROBERT E. WILSON*

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Prominent Oil Executive Maintains That if America's Oil Industry Is Left Free to Develop on a Tried and Proven Basis, and Not Hampered by Regimentation, It Will Be Able to Provide the Nation's Needs. Foresees Possibility of Need for Regulated Imports but Cautions Against Permitting an Influx Which Will Depress Domestic Production or Incentives. Points Out Progress in Recovering Oil From Coal, Shale and Other Sources and Doubts Atomic Power Can Ever Be Used to Run Automobiles. Stresses Value of Technology and Research in the Industry

Much of the information presented to your Committee during these hearings bears on the fundamental question of how to meet America's future requirements for petroleum. In this respect our country is unique. Although it includes only about 7% of the world's land area and 7% of the world's population, America has for many years been producing and using more than two-thirds of the world's petroleum and the world's motor vehicles, and consuming more than one-half of the world's rubber supply. All three of these are a measure of our outstanding position as a nation on wheels, and of the essentiality of our need for a plentiful supply of quality petroleum products at reasonable prices. Our per capita consumption of oil is thirty times the average of the rest of the world. The energy content of this oil is equivalent to the work of forty slaves for every individual in the United States—and it is in such convenient and concentrated form that no number of slaves—or of horses—could do what it does for the average American, particularly in the field of transportation.

Dr. Robt. E. Wilson

War Record Outstanding

In spite of repeated and widely circulated "scare stories" during the last 25 years, predicting an imminent shortage of oil, the American petroleum industry, operating as a free and highly competitive industry, has never failed to meet all essential requirements. Even when confronted with the stupendous problem of meeting a military and essential civilian demand for petroleum products which reached a peak of about 5,500,000 barrels per day, and in spite of shortages of transportation, materials and manpower, and of crude prices fixed at levels below average replacement costs, the industry has done the job. To do so it increased its domestic production and refining by about 1,100,000 barrels per day as compared with 1941. Military and lend-lease demand increased about 1,500,000 barrels per day during the period and over-all civilian consumption had to be cut about 400,000 barrels per day. Widespread public objections to rationing, especially before the necessity became well understood, provide some measure of our na-

(Continued on page 1714)

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*Statement of Dr. Wilson to the Special Committee of the Senate Investigating Petroleum Resources, Oct. 3, 1945. Dr. Wilson throughout the war has been Chairman of the Petroleum War Council's Committee on Petroleum Economics and Chairman of the Special Committee on Future Petroleum Estimates.

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The Ban on Axis Loans

By DR. MAX WINKLER

Former Economic Adviser, U. S. Senate Sub-Committee on Banking and Currency

Economist Observes That German and Japanese Issues Have Enjoyed Continuous Market at Liberal Prices in London. Suggests Use of Frozen Funds for Servicing Loans. Beneficial Economic Effects Seen.

Dr. Max Winkler

Obligations outstanding in the American market on behalf of Axis Governments, political subdivisions and corporations were delisted on America's entry into the war against Axis nations and their satellites. Even over-the-counter transactions and the furnishing of quotations were suspended by special order of various Governmental agencies charged with handling matters of this nature. Holders of Axis bonds were authorized to write off as a tax loss their entire investment in them, in accordance with the following ruling by the Internal Revenue Commissioner:

"In accordance with the provisions of section 127(a) (2) of the Internal Revenue Code, as added by section 156 of the Revenue Act of 1942, the cost or other basis of all German, Italian and Japanese Government Bonds and bonds issued by municipalities, States and other subdivisions of those countries, is fully deductible in the year 1941 as of the respective dates war with Germany, Italy and Japan was declared by the United States, the losses being considered to be in the nature of casualty losses. [**Note**: It is presumed that Austrian, Bulgarian, Hungarian and Rumanian securities could be treated similarly.]"

No intimation of how soon securities of Axis and satellite countries will be restored to active trading has come from Washington or from any Governmental agency. The continued ban on trading is difficult to explain, particularly since the London market continued to quote identical or similar securities throughout the period of the war. German and Japanese issues have been traded in rather actively.

If Washington was prompted to delist these securities by the belief that Axis or satellite nations would benefit from continued trading in their obligations, such view appears untenable. Even if one were to accept such interpretation, the ban should definitely be lifted once hostilities have ceased. It would seem that the American investor in these securities is the only one who is penalized.

It is worth pointing out that Axis bonds are held, in many instances, by small investors. If these investors could dispose of their holdings at prices at which identical issues are selling in London, the proceeds might be

(Continued on page 1724)

Tennison Newsom With Paine, Webber Firm

HARTFORD, CONN.—Tennison W. L. Newsom has become associated with Paine, Webber, Jackson & Curtis, in their office at 49 Pearl Street. Mr. Newsom, who has been engaged in war production since 1942, began his career in the financial field with Putnam and Company in 1922. From 1926 to 1933 he was local representative for institutional investments with Brown Brothers and Company. Later he was connected with Goodbody and Company and Tifft Brothers in their local offices. He became the acting executive vice-president of the Standard Meter Company in Hartford in 1939, continuing until operations were halted because of war demands. He then joined Hamilton Standard Propeller, division of United Aircraft Corporation, in the subcontracting section in charge of business relationship with subcontractors.

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Gold Mining Prospects

Investment Service Foresees a Revival of Gold Mining in This Country and Canada and Believes That Stocks of Gold Companies Are Already Appraising the Return of Higher Earnings. Says Gold Will Continue Its Monetary Use and That Bretton Woods Has Linked Gold to International Monetary Standards. Decries a Future Shortage of Gold, but From Investors' Viewpoint, Holds Gold Shares Offer Only Limited Attraction.

Leslie H. Bradshaw
Editor
"Investment Timing"

Revival of gold mining in this country and Canada, reflected in increased interest and activity in the stocks of such companies, accompanied by conjectures as to the possibility of another increase in the price of the metal, again focuses attention on one of the most important economic factors of our times.

The Value of Gold

Recent moderate strength in gold shares has some unusual features. Generally speaking, as commodity prices rise, the price of such shares tends to decline.

Gold mining stocks were depressed by the artificial reduction of production during the war. With the prospect of labor and materials becoming more available (although at increased cost), such stocks tend to strengthen.

There is a belief (to which we do not subscribe) that the market, fulfilling its function of discounting events long before they occur, anticipates a future upward revaluation of gold.

Gold's Monetary Use

Gold has been used for money for nearly 5,000 years, beginning as early as the Fourth Egyptian dynasty, *circa* 2900 B.C. It continues preeminent among all metals in the world as a medium of exchange, having for a long time outdistanced silver for the same purpose.

Silver was in far wider use as currency and treasure than gold was until the early 1870s. Almost overnight it was demonetized, because of the possibility of its production being increased rapidly and at exceedingly low cost. Ever since then it has been somewhat of a ghost as a monetary metal.

Now that gold is not used as currency in either this country or Britain, gold coins no longer are being minted.

In Eastern countries, however, gold and silver retain their standing, the populations not having become accustomed to the paper

(Continued on page 1724)

AMERICAN MADE
MARKETS IN
CANADIAN
SECURITIES
Dom. of Canada, Internal Bonds
Abitibi P. & P. 5, 1953
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Brown Company 5, 1959
Foreign Pow. Securities 6, 1949
Gt. Brit. & Can. Inv. 4½, 1959
Intl. Hydro Elec. 6, 1944
London & Cdn. Inv., 4½, 1949
Mont. Lt. Ht. & Pr. 3½, '56, '73
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Jennings With Troup Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL. — Robert V. Jennings has rejoined the staff of Clarence G. Troup & Co., 231 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Jennings, who has recently been serving in the Navy, was formerly connected with Lamborn, Troup & Co.

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conomic Recovery From the War

By HERBERT HOOVER*

Ex-President of the United States

sserting That Reconstruction Must Be Moral and Political as Well as conomic, Mr. Hoover Stresses the Need of Stimulants to Productivity s a Recovery Force. Cities Fourteen Post-War Scientific and Industrial evelopments Which Open a New Frontier to American Expansion, but Varns That These Can Be Crippled by a Host of Destructive Actions, mong Which Are Monopolies, Labor Union Rules, Government Tinkerng With Currency and Credit, Bureaucracy, Starry-Eyed Utopias, and Ineconomic Taxes. Sees "No Great Industrial Revolution" in Use f Atomic Power.

It is a great pleasure to attend the 50th Anniversary of Clarkson College of Technology. This institution holds a high place among ll engineers.

Herbert Hoover

t has during his half cenury sent an nding stream f construcive men into American life.

This year 1945 marks he end of a hideous era. Now we must ake up the responsibilities of the new era which confronts us. I can be a glorfronts us. It we have the statesmanship and the vision.

The first job is reconstruction from the most devastating war in history. And that reconstruction must be moral and political as well as economic.

Time limits me to discussion of but one sector of the economic side. It is a sector which concerns engineers. In this sector there lies our major hope of the economic future. And in it we can find courage and inspiration to faith in our future.

We have gigantic losses from the war. We have lost thousands of bright minds, who would have given leadership to our people, and other thousands are cripples for life. We have lost five years' output of men and women trained in technical skills. Our peacetime industrial plant is greatly run down, and our working capital greatly impaired. Some of our natural resources have been greatly exhausted. Our people are burdened with fabulous debt and taxes.

However, the recuperative powers and in fact the economic wealth of a nation is its ability to produce. The war has proved we have the skills and ability to produce such as history has never witnessed. From the tasks of war thousands of men have developed in qualities of initiative and leadership. In the last five years we have accumulated new and great assets from the discoveries in science and advances in invention. From these possibilities of increasing efficiency in production and distribution we can, if we have wisdom, overcome our losses. And we can add more

(Continued on page 1728)

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*An address by Mr. Hoover at the Fiftieth Anniversary of Clarkson College of Technology, Oct. 8, 1945.

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Public Utility Securities

Outlook for the Utilities

The New York Society of Security Analysts recently held a forum discussion of the general outlook for the public utility industry, at which a number of factors pro and con were analyzed.

Harold Young of Eastman Dillon & Co., who presided, mentioned two recent surveys regarding the post-war use of appliances—the Urban Housing Survey by Curtis Publishing Company, and the 2,000,000-family survey by the "Chicago Tribune." The results were in general agreement, indicating that there will be an excellent demand for electric appliances as soon as they are available. Replacements of items now in use will not add to the electric load to any substantial extent (though some new units, such as refrigerators, will be larger in size); newer kinds of appliances such as deep-freezing and airconditioning units, will be heavy users of electricity (a deep-freeze unit may double the family power bill). Electric bed blankets, which had just begun to go into production before the war, will doubtless prove very popular; one blanket may use about 150 kwh. per year, it is estimated.

Reconversion, cancellation of war contracts and the recent nation-wide spread of strikes has had surprisingly small effect on electric output. In the month of August output was down only 4.0%, compared with a gain of 1.3% in July and 2.2% in June. In August residential kwh. sales were 9.3% over last year, commercial sales were down 0.8% and industrial decreased 8.2%. Based on weekly sales figures, September will probably show an overall decline of about 7.5%, reflecting a heavier drop in industrial sales (which average nearly half of total kwh. sales, but produce less than a third of total revenues). Earnings figures are not yet available for August or September, but net income will probably not decline much from last year's level. There seemed to be general agreement at the meeting that the declining industrial lull would not have much effect on net, since the margin of profit has been very small on most war business and Federal taxes will have a stabilizing influence.

Taxes have been the most important factor in utility earnings during the war period, and the anticipated elimination of excess profits taxes (beginning Jan. 1, 1946) has been considered a highly favorable factor, possibly adding as much as $100,000,000 to the net income of the electric companies (other factors being unchanged). The benefits of such a change will be irregularly distributed, however. Companies such as Pacific Gas, Southern California Edison, Detroit Edison, Public Service of Indiana and a few others, should benefit substantially, while others such as Consolidated Edison would not be aided. The same would be true of the holding companies—Middle West and Commonwealth will benefit, while Associated Gas will not. Robert Shadoan of Argus Research pointed that the market has paid relatively little attention as yet to the potential effects of EPT elimination, except perhaps in the case of Public Service of Indiana and Indianapolis Power & Light.

The latest reports from Washington, however, indicate that the House Ways and Means Committee favors making "two bites" out of EPT removal, reducing the rate from 85½% to 54% for next year, and eliminating it (with substitution of the 40% normal and surtax rate) in 1947. While this was somewhat disappointing, the Committee also proposed cutting the surtax rate from 16% to 12%. Thus the utilities paying EPT would enjoy nearly 70% elimination during 1946, and 100% thereafter, while all companies would benefit by a cut of about 10% in income taxes (except to the extent that surtaxes are already avoided on net income equivalent to preferred dividend payments).

A member of the society pointed out that gradual rather than complete elimination of EPT might be

(Continued on page 1740)

Correction

In the "Chronicle" of Oct. 4, on page 1571, there appeared an address captioned "Air Conditioning—A Growth Industry," with the by-line of S. M. Ahmed, which also indicated that the author was a member of the New York Stock Exchange. The fact is that Mr. Ahmed is not a member, but is Research Analyst of Hirsch & Co., who are members of the NYSE. Due to a mechanical error, reference to Mr. Ahmed's association with Hirsch & Co. was inadvertently omitted, and we are pleased to publish this item in order to correct any misunderstanding occasioned by this unfortunate omission in the original instance.

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Urges More Science for Security

General Sarnofl Warns That if U. S. Is to Be First in Both War and Peace, It Must Be Foremost in Science. Foresees Great Advances in Communications and Transportation, and Says Pilotless Bombers With Television Eyes Are Already a Reality. Advocates "Scientific Preparedness" as Basis for National Security.

Gen. David Sarnoff

The United States, to remain unsurpassed in peace and unconquerable in war, must adopt a strong national policy for the promotion of science, Brigadier General David Sarnoff, President of the Radio Corporation of America, declared at a meeting of the American Academy of Political and Social Science in Philadelphia on Oct. 5. To safeguard national security and the welfare of civilization, he urged that every phase of technology be explored and developed; every scientist and embryo scientist be encouraged. Youth with an aptitude for science, he said, is one of this country's great national resources.

It rests with man how television, atomic power, electronics, and all the other forces of science are to be used, General Sarnoff asserted, adding that only in man's will lies the answer to the future influence of science on the world. He said that if the wartime advances of science are harnessed, the world will enter an "era of wonders" never before believed possible.

"America, to be first in peace and first in war, must be first in science," General Sarnoff declared. "To achieve this, we must have democracy in science, as well as science in democracy."

Pilotless Bombers

General Sarnoff warned that bombers with television eyes and the radio-controlled rockets are no myths.

"So deft, so all-seeing, is the radio-television control," he said, "that from launching sites the operator pressing push-buttons can guide the winged missile as if he were inside its shell. If he sees that the rocket is going to miss the target he can turn it quickly; he can even make it loop-the-loop!

"The very thought of thousands of these televisioned-eyed monsters of destruction coming up over the horizon of the sea as a storm cloud may well cause us to shudder," said General Sarnoff. "They might be loaded with warheads of atomic power, some to strike and wipe New York off the map while others guided westward, to turn Pittsburgh, Detroit, Chicago and other cities into death and dust. No longer is the suicide flier needed; television can do this task—and more.

"Today," General Sarnoff pointed out, "we survey a world that has emerged from the most terrible war in history; a war in which science, like a global flame-thrower, spread death and

(Continued on page 1739)

Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Aviation Bulletin—Index of airline stock prices—John H. Lewis & Co., 14 Wall Street, New York 5, N. Y.

The Chicago Letter—Comparative figures on **Solvent Railroads, Railroads in Reorganization by Negotiation, Railroads Recently Reorganized,** and a discussion of the Hobbs Bill—Carter H. Harrison & Co., The Rookery, Chicago, Ill.

Dow Theory Barometer — A weekly service predicting future trends in the stock market—Four weeks' trial, $1—Gaylord Wood, Inland Building, Indianapolis Ind.

Graphic Stocks—Comprehensive book of stock charts showinsg 900 up-to-date graphs covering virtually every active stock listed on the New York Stock and Curb Exchanges, with monthly highs and lows for 10 years, and earnings and dividends from 1936—Edited and published bi-monthly—Single copy (150 pages), $10; annual service (six revised issues), $50.

More Bank Stock Extras Seem Imminent—New bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Also a new bulletin on **Third Quarter Statistical Comparison of 19 New York City Bank Stocks.**

Near-Term Outlook for Defaulted Railroad Bonds—Analytical memorandum—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Also circular on **High Yield Preferred Stocks** and the **Fortnightly Investment Letter,** which includes a discussion of significant factors affecting railroad earnings.

Railroad Securities Quotations—Current list of quotations, including a discussion of **Delaware Lackawanna & Western RR. Co.**—B. W. Pizzini & Co., Inc., 25 Broad Street, New York 4, N. Y.

Railroad Stocks and Peace-Time Earnings—Current study re-appraising these stocks and revealing favorable factors currently overlooked—Thomson & McKinnon, 231 South La Salle Street, Chicago 4, Ill.

Aro Equipment Corporation — Analysis—McLaughlin, Baird &

(Continued on page 1737)

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NYSE Recesses Oct. 12; Visitors Gallery Now Is Open to the Public

The New York Stock Exchange will remain closed on Oct. 12th, Columbus Day, which is a legal holiday in the State of New York.

The Exchange also announced that effective Oct. 8th, the visitors' gallery and exhibit room will be opened to the public. It will no longer be necessary for members, partners or employees personally to accompany guests. A staff of trained receptionists has been engaged. The entrance to the gallery and exhibit room will, as formerly, be through 20 Broad Street.

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Real Estate Securities

Bullish Review on Real Estate Bonds

The bulletin of Monday, Oct. 8, 1945, published by Standard & Poor's Corporation entitled "The Real Estate Market—A Review" is extremely interesting in its analysis and we believe worthy of space in this column. We quote from the article:

Issues Still Attractive With Apartment Building Bonds in the Lead

Real estate bonds have had an uninterrupted rise in price for over three years. The performance has easily equalled and, in many cases, surpassed the market record of other divisions of the speculative bond list. There is no reason to expect any abrupt change in trend for some time, though the trend curve may flatten out.

Real estate is riding high from an operating standpoint. Outstanding debt is smaller today than it ever has been, and sinking funds are operating in many instances because of the abnormal earnings. In many cases bondholders own all or part of the equity of the underlying property, which makes the security attractive to inflation-minded speculators.

Our real estate contacts are uniformly bullish on the earnings prospects for real property, despite higher operating costs. The optimistic forecast of some of these experts extends over a period of as much as seven years.

We, too, are bullish, though we do not share this extreme viewpoint. We are of the opinion that earnings prospects for office buildings, loft buildings and apartment houses in the large cities are good, for say three years. We believe hotel business will run around present levels for another year. Thereafter operations will decline, but for a time will continue at a high level.

The key to this forecast is an expected continuation of peak demand and no immediate alleviation in the shortage of facilities. Demand will be supported by the prospective boom in business, which may last close to three years. On the other hand, it is unlikely that there will be any extensive construction of office, loft and hotel buildings. Apartment houses and individual dwellings will be built, but it will take time to eliminate housing deficiencies.

Construction Prospects

Conditions surrounding real estate are far different than they were at the end of World War I. We do not now have mortgage bond houses ready to finance any building and on almost any basis. Twenty-five years ago it was possible for a builder to borrow publicly the entire project cost and yet own the equity.

There is no possibility of this at the present time. SEC regulations will demand full revelation of all facts. Under present conditions, a builder will have to put up perhaps 33% or more equity money. This will rule out the speculative operator. Only the large real estate firms and institutions are in a position to put up such sums.

It is reported, too, that institutions will not lend mortgage money for the construction of office buildings and loft buildings, and it is extremely unlikely that there will be any hotel construction projects. We understand that the institutions are much more amenable to lending money on apartment houses and individual dwellings.

Living quarters will be built in quantity. But there may be delays. Building materials, notably lumber, are hard to get, prices are high and labor uncertain. But an even greater contributors to delay is OPA ceilings.

OPA now has the right to appraise the renting value of newly constructed apartments. Unless these restrictions are lifted or sharply modified, there will be little incentive to build, in view of high costs. It seems to us that OPA policies will have to be changed. New apartment construction will have little effect on existing structures for a few years.

This discussion has nothing to do with slum clearance and other public or semi-public projects. They will move along rapidly. They generally do not compete with the type of buildings securing a publicly-held bond issue.

Apartment Buildings

In New York and other large centers of population there is a definite shortage of living quarters. The suspension of construction during the war period, added population drawn to the large cities, and the removal of population from marginal areas have created this condition. There will be no change in this demand for space. Some of the marginal workers may find it necessary to go back to fringe areas and some temporary workers will return to their homes. But the returning soldiers will more than take up the slack. And, as stated previously, it will take some years to catch up with deferred demand.

OPA ceilings have frozen rents at their prewar levels. If there is some lifting of these ceilings, owners of apartment buildings will profit. But even without this change, building owners are doing well under present 100% occupancy conditions.

Our investment policy for apartment building bonds is favorable. Holders will have ample time to withdraw before conditions become less favorable. In the meantime, the return should be satisfactory and there may be some price gains.

Hotel Outlook Good for at Least a Year

Hotels throughout the country are experiencing greater prosperity than they have ever experienced before. Here in New York, hotels have benefited from the movement of military personnel, the drift of suburbanites to the city because of help and transportation difficulties, the transfer of Government agencies to New York, and commercial business, mostly incident to the war. More recently, the returning soldier has been particularly important. Friends from out of town frequently come to New York as a welcoming committee. Commercial business and convention business are also picking up.

Most of the causes of the abnormal business will disappear in a year or so. Then the hotels will depend upon commercial business, which will be heavy since we will be in the midst of a business boom. Hotels will also get a spillover from the apartment house field because of shortages there. The level of operations will be well below wartime experience, but should be above that of prewar years.

Commitments in hotel bonds. then, are safe for six months at any rate. Thereafter the holder must reexamine his investment. It might be well at that time to look around for a more permanent placement for funds. In the meantime. the holder may receive extra interest payments on account of arrears, or top payments if there are no arrears. In some cases disbursements may be held down to permit property rehabilitation. Sinking funds will operate to help the market.

Commercial Buildings

Commercial buildings generally are 100% occupied. This condition will continue, except for those structures which have Government and other temporary war tenants. Customers will be found for most space relinquished by these temporary occupants. Business requirements of the returning soldier will help, as will increasing demands of industry during the period of expanding business.

Only in New York's Wall Street district do we have any qualms about the ability of building managers to find tenants quickly. In that area the Government has considerable space. Also, nonbanking tenants may not be attracted to the district.

Rents for commercial space in New York are fixed by legislation which expires in 1946. If the law is not extended, schedules will be raised and landlords will have greater profits despite increased costs. It is more likely that the law will be extended, but at higher ceilings.

Earnings will be satisfactory in any event, and will support present bond prices. Sinking funds will operate to serve as a further market factor. Office building bonds and loft building bonds are worth holding. A change in earnings trend is too far removed to justify any other market policy.

Reports Reconversion Rapid

CED Field Development Committee Publishes Result of Survey Through Nation's Communities.

Reconversion may proceed very rapidly according to a spot check of 84 of the major cities and war production centers made by the Committee for Economic Development. Of the 84 cities reporting, 25 show reconversion well under way with no major unemployment problems indicated. Three cities will require a three-month period; 20 cities six months, and 12 a year for full reconversion—in spite of needing time for reconversion, these cities do not expect grave unemployment problems. Thirteen cities did not list the time required for full reconversion, not having sufficient data at this time to do so. One community reported peak of unemployment in 1947. Ten cities do not now foresee the day when all the unemployed can be rehired.

Walter D. Fuller

Walter D. Fuller, Chairman of the Field Development Division, who released the CED report to the nation, said: "I wish to emphasize that this is a spot picture of reconversion. It is in no sense of the word a national summation or forecast of the employment situation. What we are giving is a report of the pace at which reconversion is being accomplished, or can be accomplished, in the opinions of local business leaders. Their estimates represent the considered judgment of these men and are based on three years of work as chairmen of their local CEDs.

"During the war years many governmental agencies, and many non-governmental groups, of which CED is one, worked urging private business towards peacetime expansion and consequent high levels of productive employment. Today we are, perhaps, measuring some results of this three-year effort. The immediate business reactions to V-J Day seem to indicate that business is ready to go ahead if sound policies by industry, labor, agriculture and government are such as to encourage the planned expansion.

"Many factors can influence the future stages of reconversion. As one example, many workers seem to have dropped out of the labor force. In a few months they may come back for jobs. It is unknown how many people today are going to draw their unemployment compensation and retire from paid employment; how many are on vacations; how many who find it unnecessary to work may do so if they find the kind of jobs they want. Therefore there is no true measure of the actual, involuntary and temporary unemployment at this time. In this connection CED believes that the reports presented today are not necessarily a cause for optimism, but rather that they constitute an offering of timely and useful information."

In explaining the CED approach to high level productive employment, Chairman Fuller said, "When the Committee for Economic Development was organized in 1942, its aims were (1) to initiate objective studies,

(Continued on page 1740)

The NYSE Public Relations Goal

By EMIL SCHRAM*

President of the New York Stock Exchange

Asserting That "Our Business Is Cleaner and Stronger Than Ever," Mr. Schram States the Goal of the Exchange's Publicity Program as: (1) The Public Should Know That the Securities Business Is a Serious Business; (2) That Those in It Recognize Their Responsibilities; (3) That the Evils of 1929 Are "Dead"; (4) and That Its High Ethical Standards Are Not Government Imposed, but Come From Within and Will Be Constantly Improved. Urges Member Firms Help the Publicity Program and Give Its Advertising and Publicity Wide Circulation.

I want to talk to you, briefly, about our enlarged public relations program.

Our advertising messages have been running in newsapers and magazines less than three months, so that it is much too early to attempt to measure the results. Advertising experts tell us that it takes at least a year to appraise proggress or lack of it in institutional advertising with a reasonable degree of accuracy. They also tell us that it takes up to three years of continuous effort to shape favorable attitudes in the public mind with respect to institutions such as ours. Since part of our job is to *re*-shape opinions of large segments of our population, it may be even longer than three years before we will be satisfied with the results.

Emil Schram

Attainment of our goal is well worth the time and energy and money we are putting into this effort. And I would like to define that goal as I see it.

We want it understood everywhere that the securities business is a serious business; that our business is a vital part of the national economy; that we who are engaged in it recognize our responsibilities; that we conduct our business responsibly. We want our integrity *taken for granted* by the people of this country!

We want the American people to accept the fact that the quest of a fair profit is an honorable pursuit—in the securities business and every other business in this land.

"Our Business Is Cleaner and Stronger"

We want it understood that the evils of 1929 are as *dead* as the proverbial door-nail. We have learned valuable lessons from the errors of that period. Our business is incomparably cleaner, and we know it. We are stronger, and we know it. Our business is going to *remain* cleaner and stronger—and we know *that*, too!

We hope to correct the widely held view that Government has been mainly responsible for the higher ethical standards in our business today. We want it understood that a great deal of the improvement *has come from within*, and that such improvements as the future may indicate to be wise shall continue to come from within.

We want the American people to understand that peace-time prosperity is the economic product of toil—and *not* a state of affairs which can be legislated into existence by Government. We want them to know that the three inseparable ingredients of toil are workers, materials—*and money*.

When we have made these facts stick with the majority of our people then I will be justified in telling you that our public relations job has been successful.

Already we see evidence of progress. Some of this evidence is very encouraging. It is particularly gratifying to learn, for instance, that Treasury Department officials are so enthusiastic about our efforts to support the bond drives. It is gratifying to learn that some States, such as Oregon and North Carolina, have been sufficiently impressed by the merit of our efforts to have sought permission to distribute 300,000 reproductions of our Seventh War Loan advertisement. The permission was granted, of course. General Motors distributed 250,000 reproductions to its employees. Other large corporations have asked permission to post our message throughout their plants. Banks and other organizations have, with our permission, published the message at their expense. And so on. It is also very gratifying to observe that newspaper and magazine editors are discussing our advertising in their editorial and news columns. The press is giving us preferential treatment in the allocation of their white space, despite the critical newsprint shortage. The public is beginning to react to the representations we are making. Our members and member firms are beginning to display interest.

To date the preponderance of all the response has been favorable. There has been some constructive criticism, some carping—but if there were *none* I would be deeply suspicious.

We are preparing a brochure based on the initial response to our advertising program. You will receive your copies of the brochure at your meeting in November. So I won't say any more about that at this time.

I do want to comment for a moment on two of your own reactions. You may not realize it, but they are very welcome. In fact they are very important to me, to our advertising people—and to the ultimate success of our program.

Some of you, I know, are satisfied with the direction and tone and subject matter of the four messages published to date Others, I know, are *not* satisfied. Their criticisms are well taken Two or three have been quite constructive—and they are receiving the serious attention they deserve. No one of us engaged in this effort feels that he has "all the answers." We are feeling our way and learning as we go along. And that's as it should be, for we are, in a very real sense, charting a new course.

(Continued on page 1732)

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*An address by Mr. Schram at a dinner given by the Association of Stock Exchange Firms at the Westchester Country Club, Oct. 8, 1945.

Halsey Stuart & Co. Inc. Offers Southwestern Bell 2¾% Debentures

An investment banking group headed by Halsey, Stuart & Co. Inc. offered Oct. 9 an issue of $75,000,000 40-year 2¾% debentures of Southwestern Bell Telephone Co., unit of the American Telephone and Telegraph system, at 101.83% and accrued interest. The issue was awarded Oct. 8 on a bid of 101.28. Morgan Stanley & Co. bid 101.1199 for the issue.

The company will apply the proceeds from the financing toward the retirement of an equal amount of presently outstanding securities, consisting of $30,000,000 first and refunding mortgage 3% bonds, series C, due July 1, 1968, and $45,000,000 first and refunding mortgage 3½% bonds, series B, due Dec. 1, 1964. The first-named issue will be redeemed on Jan. 1, 1946, at 104% of the principal amount plus accrued interest, and the other issue will be retired on June 1, 1946, at 105% of the principal amount and accrued interest.

After the redemptions, the new debenture issue will comprise the sole funded debt of the company. The only other outstanding capitalization consists of $183,000,000 in common stock, 99.99% of which is owned by American Telephone and Telegraph Co.

The debentures will be dated Oct. 1, 1945, and will be due Oct. 1, 1985. They are redeemable, at the option of the company, in whole or in part upon at least 30 days' notice at prices ranging from 106% of the principal amount plus accrued interest to and including Sept. 30, 1951, down to par after Sept. 30, 1980.

The company's total operating revenues have shown a consistent increase in recent years. The record is as follows: six months to June 30, 1945, $82,218,686; year 1944, $151,023,003; 1943, $137,850,065; 1942, $119,624,831; 1941, $107,672,325; 1940, $97,697,007; 1939, $92,508,411; 1938, $87,484,339.

The company's net income record for this period is as follows: six months to June 30, 1945, $8,296.824; year 1944, $15,666,102; 1943, $15,712,356; 1942, $14,426,988; 1941, $16,105,911; 1940, $18,497.902; 1939, $18,918,650; 1938, $17,247,682.

Union Securities Co. Opens Cleve. Branch

CLEVELAND OHIO — Union Securities Corporation has announced the opening of an office in Cleveland, Ohio, under the management of Charles E. Jones. Mr. Jones is a native of Cleveland and attended West Technical High School there and Miami University. Formerly with Halsey, Stuart & Co., Inc., and First Cleveland Corporation, he managed the Columbus, Ohio, office of the latter company prior to entering the Navy in August, 1942. As a lieutenant in the Navy, Mr. Jones saw service at the Corpus Christi Naval Air Station and in the Admiralty Islands as a ground officer attached to Naval Aviation.

Prepare Boys for Leadership In America

By JOSEPH P. KENNEDY*

Former Ambassador to Great Britain

Mr. Kennedy Stresses the Importance of Inculcating a Vital Interest by Youth in Government Affairs and Points to the Dangers Arising From the Spread of Communism, Socialism and Other Totalitarian Ideologies Which Makes the State Supreme. Says Unity Among Nations Cannot Be Preserved if Each Protects Its Own Way of Life for Selfish Reasons. Points to Chronic Bankruptcy of Countries Where Private Enterprise, Personal Freedom and Initiative Are Absent. Sees Increase of Government Entering Our Lives as Time Goes On.

I have seldom been accused of stage fright. I cannot pretend that I am unaccustomed to public speaking. But, to be perfectly frank with you, I am greatly puzzled about a topic for discussion with leaders of the Boy Scouts. When Mr. Johnston invited me, the general subject of Boy Scouts seemed vague enough to permit almost any approach. So I agreed to his persuasive invitation. As the deadline drew near the spectre of responsibility haunted me.

Joseph P. Kennedy

As the father of a large family, I have no fears in talking about children or about boys in general. But Boy Scouts stumped me. What would they be interested in?

And then I thought of my own oldest son, older than your boys to be sure, but not too old to reflect the thinking of youth. Back from a study of English public opinion during the recent British elections, a daily attendant at the San Francisco Security Conference and himself battle scarred in the South Pacific, he seems to me to typify the average young American of action. If I could find what there was in American life that impressed him, I thought I was pretty sure to find a topic for discussion with those who are directing the Boy Scouts of America.

I was amazed at his response. After the soul-searching experiences of war, after the glimpse at post-war security efforts and after studying Britain's experiment in Socialism, the thing that arrests his attention in our American scene is the cynical attitude which he found so popular towards the young man's responsibilities as a citizen. There is such corruption in politics, the cynics told him, that it is not worth while getting interested in politics or government. This, I suggest, is a challenge to your organization—the Boy Scouts' duty as tomorrow's citizen to make politics clean and to make government good.

Indeed, I can conceive of no more important work than this: The training of boys in the elements of good citizenship so that in manhood they will furnish the leadership necessary to guide our people along the roadway of good government which will preserve the American way of life.

Make no mistake about it, your government is going to become more and more a factor in our daily lives. The trend is persistent and irresistible. And the Boy Scout policy, which is essentially flexible and geared to meet the changing needs of the day, must recognize that fact.

I express no opinion upon such a development. It is pointless to discuss ideological preferences. It is essential, however, to recognize the fact that the Federal Government, as a directive force in our habits of life, is here to stay. And it is of paramount importance that those entrusted with the training of our youth see to it that youth is intelligently prepared.

How he is prepared will have a great deal to do with determining the so-called American way of life in the future. If the dignity of the individual and the freedom of the man is to be preserved, if the State is to be administered for the benefit of the individual, that American way of life will be preserved. If the State is to dominate the individual, thinking for him, sustaining him in slavish dependence, dictating his religious views, his political views and even his culture and environment as the Nazi, the Italian and the

(Continued on page 1730)

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*An address by Mr. Kennedy at the annual Scout Commissioners Conference, Garden City Hotel, Garden City, L. I., Oct. 6, 1945.

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Twenty-two stocks traded on the New York Curb Exchange are also traded on the San Francisco Stock Exchange between the hours of 10 a. m. and 5:30 p. m. (E.S.T.)

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Chicago Brevities

Strikes cast a shadow on optimistic plans for speedy reconversion of a number of companies. Among plants in the Chicago area which were involved in wage disputes, some still to be settted, were the South Works of Carnegie-Illinois Steel Corporation; Taylor Forge Company in Cicero; the General Motors Electro-Motive Division in LaGrange; the Haskell & Barker plant of Pullman-Standard Car Manufacturing Company, Michigan City, Ind.; and the David Bradley Manufacturing Company, a Sears, Roebuck & Co., subsidiary, at Kankakee, Ill.

The United Farm Equipment and Metal Workers petitioned for a strike vote in 11 International Harvester Company plants (five of which are in Chicago) to enforce demands for a 30% pay boost for 30,000 workers.

A strike vote will be called on Oct. 14 by the C. I. O. Stock Handlers Union if its demands are not met by the Union Stock Yards and Transit Company for a 25-cent hourly wage increase for approximately 500 workers. The last Chicago stockyards' general labor dispute tied up the yards for 13 days.

Strikes were affecting many plants not involved in wage disputes with many manufacturers experiencing difficulty in meeting initial production schedules due to inability to obtain critical materials because of walkouts. Reconversion was further clouded as uncertainties developed over prices due to wage increases.

* * *

Hurley machine division of Electric Household Utilities Corporation postwar production plans were snagged as a result of the refusal of the Office of Price Administration to grant the company a reconversion price increase on its washing machines and ironers. The action was the first application of OPA's authority to deny a reconversion price increase to a manufacturer who has discontinued his low-priced production.

* * *

The recapitalization plan of Wilson & Co., calling for the issuance of 250,000 shares of new preferred to replace the outstanding $6 preferred stock, has been indefinitely postponed. In announcing the postponement, Thomas E. Wilson, chairman, stated directors of the company did not believe the present time the most advantageous to make an exchange offer and complete its financing. Smith, Barney & Co. and Glore, Forgan & Co. were the prospective underwriters.

* * *

Wieboldt Stores, Inc., registered 35,000 shares of new no par value cumulative preferred stock, which under a plan of recapitalization, will be used to eliminate the outstanding 13,950 shares of $5 cumulative prior preferred and reduce the outstanding 58,606 shares of 6% preferred to 20,000.

The exchange of the $5 prior preferred will be on a share for share basis, plus an undetermined cash payment, and of the 6% preferred on the basis of 51 one-hundredths of a share of new preferred for each share of old, plus an undetermined cash payment. The remaining 1,361 shares of new preferred will be sold to the public through A. G. Becker & Co., principal underwriter for the issue.

Under the plan, authorized number of common shares will be increased from 340,000 to 500,000 although it is not planned to issue any of the additional 160,000 common shares at this time.

The recapitalization plan was proposed by the management to better enable the company to finance probable expansion and improvements in the postwar period.

* * *

As anticipated, stockholders of Sears, Roebuck & Company approved a four-for-one split of the company's stock, increasing the number of authorized shares from 6,000,000 to 24,000,000.

* * *

The first cans for vacuum-packed coffee for civilians since 1942 will come off lines in the American Can Company's Englewood plant on Nov. 1. J. J. Hurley, plant manager, predicted that volume in the next 12 months would reach 700,000,000 compared with a total of approximately 400,000,000 in the last year of unrestricted production.

* * *

General Finance Corporation expects to do a $400,000,000 financing business by 1947, more than double its prewar volume. From a regional finance institution, the company is expanding its organization to provide nationwide coverage and service in automobile, small loan and commercial financing and has already opened 20 new offices in various parts of the country. An additional 30 to 40 or more are planned.

The manufacturing divisions, which the company acquired during the war, are being retained. New products are being added to prewar lines and production at the various plants is being integrated to ensure maximum efficiency and output above prewar levels.

Principal new product is a farm implement, the Till-Master, which plows, discs and harrows in one operation. Indicated demand is so great as to tax the capacity of the company's Climax plant at Clinton, Iowa, which also manufactures a line of internal combustion engines.

The company recently organized General International, a new division to handle export selling and export financing of its own as well as other manufacturers' products. Initial orders are now beginning to come in.

* * *

Deepfreeze division of Motor Products Corporation is expanding its production facilities with the construction of a new $1,800,000 plant adjacent to its existing facilities in North Chicago. Barring unfavorable building weather, the new plant will be completed by Jan. 1 and will provide employment for an additional 900 workers. The company at present has 400 on its payroll.

* * *

A special meeting of stockholders of the Peter Fox Brewing Co. is slated for some time in the near future to vote on the exchange of 90,000 shares of its capital stock for the common of Fox DeLuxe Brewing Co. of Indiana, Inc. The exchange, if completed, will make the latter a wholly-owned subsidiary and will increase capitalization to 590,000 shares from the present 500,000.

Nine shares of authorized but unissued stock of the Chicago firm will be exchanged for each 10 shares of the Indiana company. A similar exchange plan is contemplated for Fox DeLuxe Brewing Co., of Michigan, which would increase capitalization by an additional 150,000 shares.

Mercer Joins Chicago Branch of Merrill Co.

CHICAGO, ILL.—James G. Mercer, former packing house executive and provision broker, has joined the meat department of Merrill Lynch, Pierce, Fenner & Beane, with headquarters in their Chicago office, Board of Trade Building. During the war, Mr. Mercer was a member of the award committee of the Commodity Credit Corporation, acting as procurement officer for meats and lard for Lend-Lease. Before entering Government service, he was a sales executive in the packing industry.

James Tillman Magnus, released last month from the army with the rank of sergeant, has also become associated with the firm as an account executive, a position he held prior to his army service which began in May, 1942. He originally joined the firm in 1927.

Atkisson Elected to Head Internal Auditors

Curtis T. Atkisson of Ebasco Services, Inc., was elected President of The Institute of Internal Auditors for 1945-46 at their annual meeting held on Oct. 8, 1945 at the Hotel Roosevelt in New York.

Curtis T. Atkisson

Alan Lauckner

Arthur E. Hald of the Consolidated Edison Company of New York, Inc., was elected First Vice President; Arthur J. E. Child, Canada Packers, Ltd., Second Vice President; and Theodore G. Zeh, American Surety Company of New York, Treasurer. Peter J. Buzanga of the Consolidated Edison Company of New York, Inc. will serve as Secretary of the Institute.

Mr. Atkisson succeeds Alan Lauckner, Assistant Vice President of the Central Hanover Bank and Trust Company of New York as President of the Institute.

Following the business meeting, the Institute held its Fourth Annual Dinner at the Hotel Roosevelt. The principal speaker and guest of honor was Inspector Lee R. Pennington, Administrative Assistant to John Edgar Hoover, Director of the Federal Bureau of Investigation. Inspector Pennington's talk covered some of the little-known phases of the Bureau's activities.

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Labor's Program for America

By ROBERT J. WATT*

International Representative, American Federation of Labor

Asserting That the American Worker Is Conservative, Mr. Watt Lists as Labor's Program: (1) Income Security; (2) a Greater Measure of Economic Democracy; (3) Competent Labor Leadership; (4) Increased Rewards for Increased Productivity; (5) Reduction in Working Hours as Rapidly as Technical Improvements Permit; (6) a Full Social Insurance System; (7) Better Public Health Provisions; (8) Expanded International Trade and (9) a United Nations Organization With a World System of Justice. Advocates a Democracy Founded on Free Will and Self Discipline and With a Minimum of Government Control.

Organized labor has the responsibility of representing the economic interests of American workers. We are usually accepted as the spokesmen for the majority of unorganized workers whose interests are parallel to ours. The American Federation of Labor is the oldest, largest, and most representative organization. While speaking on its behalf, I believe my views are generally in accord with those of other organized and unorganized workers, except that small but noisy group who receive their orders from a world oligarchy to which the loyalties of their leaders are pledged.

Robert J. Watt

The average American worker is conservative. He wants a good steady job at decent wages and hours in order that he and his family may have more and better food, clothing, and shelter. He wants to be able to send his son and perhaps his daughter, too, to college. He wants a decent life for himself and his community. Job security or rather income security is the most important goal of the American workers.

We hope to achieve a greater measure of economic democracy here at home, where political democracy has proved to be the best system yet devised by men. We want freedom of workers to join organizations of their own choice with as little government interference as possible. We should like the National Labor Relations Act to be so well accepted that it rarely need be used.

We want to develop union leadership to be full-fledged, competent representatives of the economic interests of their members, able to cope with the best talent that employers employ for bargaining purposes. We hope employers in much greater measure, will accept organizations of their employees as associates and partners in the successful conduct of the business from which both sides must earn a living.

We do not ask that unions share the job of management to manage. We simply ask that they be given a full and fair chance to represent the genuine interests of workers in the industries in which they are investing their labor.

We want workers to receive a full share of the fruits of their labor with increasing rewards for increasing productivity. We ask that, not merely as a matter of justice, but also as a matter of economic necessity, in order that as consumers, they may be able to purchase the fruits of industry and keep it going.

We ask a decrease in hours of labor as rapidly as technological improvements permit in order that the full available labor supply may be utilized and in order that workers may as consumers keep the necessary balance between production and consumption.

We want a full social insurance system for the hazards shared by all and against which few individuals can make adequate reserve. We believe it is clearly in the interest of the community as a whole to avoid the hardships caused when individuals suffer loss of income due to death, old age, involuntary unemployment, illness or accident.

We want to help in building a system of public health in which all may share and get the best available services. We want to help in building a system of public education for all which will prepare free men to live in a free world. Only by understanding

(Continued on page 1729)

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*An address by Mr. Watt before the Christ Church Forum, New York City, Sept. 27, 1945.

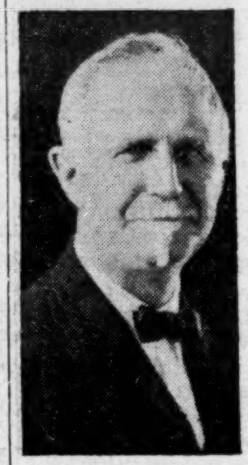
Outlook for Different Industries

By ROGER W. BABSON

Economist Likes Chemicals Best

BABSON PARK, MASS.—Since the address of President Truman on Sept. 6, and with that address in mind, I herewith submit an outlook for the leading industries. Of the few not here mentioned, such as the Steels, Rubbers and Utilities, I will write next week.

Automobiles—Most investors are bullish on the automobile industry. As a result, the stock market has fairly well discounted possible profits. I am optimistic on the industry; but am not certain as to how long automobile stocks will continue to go up.


Roger W. Babson

Air Transport—This industry is headed for a huge expansion; but here, again, the stock market has pretty well discounted this growth. Moreover, the industry will call for vast new capital expenditures possibly putting out bond issues. I am inclined to be moderately bullish on this industry.

Aircraft Manufacturing — The most hopeful fact regarding this industry is that almost everyone is bearish on it! Gross earnings will probably shrink to 10% or less of their pre-war peak; but their asset values per share of stock are high. It is uncertain what will happen to these stocks; but the chances are they will sell lower.

Agricultural Equipment — This industry will enjoy a deferred demand for farm machinery; but it faces a decline in farm prices due to a slackening demand for farm products. No increase in dividends can be expected during the early post-war years; but prices should hold firm.

Banking—Bank earnings should improve for several reasons. Moreover, bank stocks, as a group, are relatively attractively priced. They offer one of the safest investments at the present time.

Building — Although building stocks have gone up considerably in price, we are headed for a great housing boom. I, therefore, am optimistic on gypsum, cement, hardware and especially paint sales. Everything favors these buildings stocks.

Chemicals—Although the chemical industry will temporarily suffer from war cancellations, it should quickly replace these as peacetime goods are manufactured. It also should benefit as the excess profits taxes are reduced. The industry should be a good inflation hedge and profit from atomic energy developments. For these and other reasons, I class the chemicals among the highest grade investment issues.

Containers — The can makers have no re-conversion problems and there soon will be enough tin to satisfy all demands. The can companies, however, must increase their dividends if they expect their stocks to sell at higher figures. The glass container business is bound to fall off during this post-war period and its stocks are not especially attractive at current levels.

Electrical Appliances—The post-war demand for electrical appliances will be tremendous; but the competition between different manufacturers will be very severe. The companies should, however, continue their present dividends. Any purchases made should be spread over several dominant companies rather than be confined to one company.

Foods—Food stocks may continue to hold their own, but the group is not too attractive at present prices. This especially applies to the baking stocks. The dairy industry appears the most attractive to the conservative investor. I do not want to give any opinion on the meat packing industry as no one knows how much it will suffer from frozen foods, which industry has a great future.

Machinery—The machinery companies will suffer during the post-war period but this has been discounted to a large extent in the stock market. I should not sacrifice machine tool stocks, but I would not purchase more at this time.

Read my further comments next week.

(Mr. Babson's comments on industries not covered in this article will appear in the "Chronicle" of Oct. 18.)

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Wisconsin Brevities

The Froedert Grain & Malting Co., Inc. has successfully comleted a financing program which included the public offering of 0,000 shares of $2.20 cumulative preferred stock (par value $50). he stock was offered at $53 per share by a syndicate which included chroder-Rockefeller & Co., Inc., Loewi & Co., The Milwaukee Co., he Wisconsin Co. and Morris F. Fox & Co.

In addition the Froedert Comany placed privately $3,500,000 0-year 3% sinking fund notes ue Aug. 1, 1965. Proceeds from he loan will be used in part to etire the outstanding $1,781,387 ½% debentures, which have been alled for payment Oct. 25 next t 103¾ and interest. The proeeds of the stock issue and the alance of the proceeds of the oan will be added to the working unds of the company.

In addition to the $2.20 preferred shares and $3,500,000 sinking fund notes, the company has outstanding 426,787 shares of common stock on which an extra dividend of 15 cents, in addition to the regular quarterly dividend of 25 cents per share, has been declared payable Oct. 31 to holders of record Oct. 15.

The Wisconsin Power & Light o. has filed a recapitalization lan with the SEC which would educe the amount of its outtanding preferred stock to $12,-00,000 from $16,766,300 and inrease its common stock to an mount substantially equal to the referred. To assist the company n carrying out the plan, the orth West Utilities Co., parent, vill purchase from Wisconsin at ar an additional $4,500,000 par alue common stock. North West ow owns 97.12% of the Wisconin common. Wisconsin will use he proceeds from the sale and reasury funds to call for reemption at $110 and accrued ividends $4,766,300 of its preerred stock.

A registration statement filed with the SEC covers 120,000 shares of 4½% cumulative preferred which will be offered to holders of the 167,663 shares of outstanding 6% and 7% cumulative preferred stock prior to the proposed redemption of the $4,766,300 preferred. The exchange will be made on a share for share basis with a cash adjustment. Should the exchange offer not be consummated, the company plans to offer at competitive bidding $12,000,000 preferred with the price and dividend rate to be fixed by the bidders, and to use the proceeds, with treasury cash, to retire the $12,000,000 outstanding old preferred.

The company has arranged to borrow from banks $3,800,000 on its 2% serial notes.

The company also proposes a split-up of its common stock five to one by changing the outstanding 146,185 shares of $50 par into 730,925 shares of $10 par.

* * *

Ground will soon be broken at Kankakee, Ill., for construction of a new plant by A. O. Smith Corp., it was announced Oct. 6. The plant is expected to be in operation early next spring. The building, which will comprise about 300,000 square feet of floor space, will provide warehousing and shipping facilities for A. O. Smith plants and also will furnish additional manufacturing facilities of a kind for which there is no space in the main Smith plant at Milwaukee.

Generous Income From Institutional Bonds

By MILES BURGESS

Vice-President, Distributors Group, Inc.

Mr. Burgess, Noting the Present Low Income Return on High Grade Bonds, and the Risks to Small Trusts Because of Lack of Diversification, Points Out That the Purchase of Shares in a Mutual Fund Which Restricts Its Investment to Bonds, Is a Means of Both Increasing the Income Return and in Procuring Risk Diversification.

Miles Burgess

A recent development in New York brings into sharp focus one of today's major problems involved in the management of other people's money. A large New York Federal Savings and Loan Association sent letters to home owners on whose properties it holds old, high interest rate mortgages, voluntarily offering to reduce the rate of interest to 4½%. The competition for these mortgages from other lending institutions seeking to refinance them at a lower interest rate was the prime factor in bringing about this move.

While this development affords dramatic emphasis to the continuing squeeze between rising living costs on the one hand and declining interest rates on the other, it does not point to a solution. The problem is particularly acute for individuals who are dependent on the income they receive from their investments. In this category are to be found many elderly people whose earning power would hardly permit them to live in comfort if they were dependent on that alone.

The Personal Trust Department of any commercial bank today could produce the records of many tragedies and near-tragedies arising out of this dilemma. And search as he will, the trust officer has little choice in the matter where quality cannot be sacrificed in the interest of achieving a more generous return.

In the past, where the terms of the trust limited investments to bonds, understandably there has been little inclination on the part of the trust officer to place bonds of inferior quality in the account. The redeeming element in the use of lesser quality bonds—broad diversification among a large number of issues—is out of the question except in the case of the largest trust funds. And certainly the great majority of personal trusts are too small to permit such diversification.

While the common or commingled fund has been developed with the idea of providing an answer to this problem, yet, by its very nature, it is too rigid for satisfactory application in a great many cases.

There is another approach to this problem which is currently gaining considerable attention among far-sighted trust department officials. That is the use of the specialized mutual fund to provide the necessary diversification in accounts with only a moderate amount of capital.

For example, where quality and preservation of principal are prime objectives, a mutual fund with a broad and carefully selected portfolio of medium grade institutional bonds can be used in the place of individual issues possessing somewhat higher ratings. The reason for this is that selective diversification among a broad list of medium quality bonds automatically raises the over-all quality of the investment. Thus, an investment spread over 50 carefully selected "BAA" bonds may be said to have a true quality rating equal to that of a similar investment confined only to one or a few "A" or "AA" issues.

By the use of a mutual fund with a broadly diversified portfolio of medium grade institutional bonds which, as a group, provide the necessary characteristics of capital protection, the trust officer has a sound means of substantially stepping up the income in his accounts.

Today top grade corporate bonds sell to yield around 2½% and Government bonds yield on average less than 2%. By comparison, it is interesting to note the record of one mutual fund whose portfolio comprises a list of New York State "legals." In the last 12 months this fund provided an investment return of 3.7% on the current purchase price of its shares. In addition to this "net investment income," capital gains from net realized profits were disbursed to shareholders at the rate of 1.2%, for a total return of 4.9% on the current purchase price of the group.

The income from institutional bonds owned through a mutual fund is taxable to the same extent and on the same basis as other investment income in the case of individual trusts. However, there is a very special advantage to corporations in owning bonds this way. For the income from a mutual fund is paid in the form of dividends on its shares.

Hence, corporations can own a broadly diversified investment in institutional bonds through a mutual fund and receive the income from this investment in the form of dividends. Such dividends are 85% exempt from corporation normal and surtax, entirely exempt from excess profits tax.

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Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Maintenance of market strength has wide public following. But despite almost daily advances signs of a top in the making continue to persist.

There is no use denying that the temptation is strong to dive into this market with everything possible. Every day the market seems to become stronger and what reactions there are dry up rapidly and change to strength again.

* * *

Yet, because this temptation is acute, is enough reason to resist it. I know all the arguments in favor of more advances. I also know that the great majority of people interested in stocks are following these arguments with actual buying. Brokerage offices are busy places these days. Investment and reinvestment buying seems to be going on apace. The major reason is fear—or hope—that inflation is right around the corner. There is something to that belief. Certainly Con-

(Continued on page 1741)

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"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

A strong demand is still in evidence for the longer term Government obligations. . . . The partially exempt bonds advanced under the leadership of the last four maturities, although the intermediate term issues moved up, where the tax free yield was in excess of that available in comparable maturities of the taxable securities. . . . Despite the tax changes that have been put forward by the House Ways and Means Committee, including a lowering of the surtax rate from 16% to 12%, the consensus of opinion seems to be that the Senate will revise the bill so that the combined normal and surtax rates will remain at 40%. . . . In order to cut the deficit and to make some provisions for debt retirement it is indicated that the 24% normal and 16% surtax rates will be with us for some time yet. . . . Although the partially exempt issues may be sensitive to tax developments, it is believed that these securities have fully discounted impending tax legislation and are attractive at present levels, for institutions that have need for tax shelter. . . .

The bank eligible taxables advanced steadily as a good demand was noted for the 2½% due 9/15/67/72, and the 2½% due 3/15/56/58, with the latter bond making a new all-time high. . . . The intermediate maturities were led by the 1½% due 1950, the 2% due 1951/53, the 2% due 1951/55 and the June and December 2% of 1952/54, all of which went into new all-time high ground. . . .

The restricted obligations were hesitant except for the 2¼% due 1956/59 and 1959/62, until the restrictions on insurance companies and savings banks were made public on Monday, which resulted in an improved tone for the whole group of these bonds.

CURTAILING SUBSCRIPTIONS

The limitations on purchases in the coming Victory Loan by insurance companies and savings banks will probably curtail the subscriptions by these institutions to the drive issues, to the extent of about $2 billions below their purchases in the Seventh War Loan. . . . Insurance companies under the formula may subscribe to the marketable securities, of the Victory Loan, up to 15% of their holdings of Government securities as of Dec. 31, 1944, or 6% of their total assets on that date, whichever figure is larger. . . .

It has been estimated that the total amount of these subscriptions will be about $2,700,000,000, or some $1,500,000,000 less than they bought during the last war loan. . . .

Although the insurance companies will not be allowed to purchase as many securities in the Victory Drive as they did in the Seventh War Loan, it is indicated that these institutions will still be able to get all the bonds they want, and in many instances the quota set for them under the new formula will be in excess of the largest amount that they purchased in previous drives. . . .

SAVINGS BANKS

Savings banks and similar non-demand deposit institutions, will be allowed to buy the marketable drive issues to the extent of twice the amount of the net increase in their assets between July 1 and Sept. 30, 1945, plus 7% of the amount of Government securities held by them on June 30, 1945. . . .

It is believed that these institutions will be able to subscribe to about $1,700,000,000 of the Victory Loan obligations, which would be approximately $500,000,000 less than they bought in the Seventh War Loan. . . .

Nevertheless, the savings banks will no doubt be able to get enough of the new issues to take care of their needs. . . .

LESS BORROWING

These restrictions on purchases by the savings banks and insurance companies will probably mean less borrowing to buy the new issues, and greater use of the deferred subscription feature. . . . It is also likely that these institutions will not be sellers of the outstanding securities until they have had an opportunity to carefully study the future trend of Government financing. . . . If it is concluded that the Treasury will be able to carry through to the end of next June, and even longer, without offering securities that can be bought by these institutions, this will probably mean that the savings banks and insurance companies will be reluctant to dispose of obligations that may have been already earmarked for sale. . . .

It is not indicated that these institutions will be large sellers of the 2s which could be replaced with the higher income restricted obligations, until the drive is over, which may mean that with higher prices and a good demand, after the turn of the year, they may let out some of these bonds. . . .

The Government bond market at that time, with the return flow of currency after the holidays making itself felt in the form of excess reserves, should be in a position to take any selling by the savings banks and insurance companies in stride. . . .

SWITCHING

As for the 2½% bank eligible issues, there are indications that the 2½% due 1956/58 is now approaching a level where institutions that can purchase the restricted issues, will be inclined to sell this obligation and replace it with the lower priced 2½% bonds. . . .

The 2½s due 9/15/67/72 do not seem to be vulnerable at this price, but it is believed that somewhat above 106 there may be some selling by holders that are in a position to take on the restricted 2½% issues. . . .

City Midday Club to Have New Location

The City Midday Club, a leading luncheon club in the financia district since the turn of the century, has leased the building a 23 South William Street and wil move to its new quarters early i December. One of the oldes luncheon clubs in the Wall Stree area, the City Midday Club fo more than 44 years had been located at 25 Broad Street. Th building which henceforth wil house the club is a seven-stor fireproof structure built originall solely for club purposes. Man prominent men from the financia district have been members of th club since its inception. Th officers of the City Midday Clu are: Buell Hollister, President Seton Porter, Vice-President William H. Long Jr., Secretary and Pierpont V. Davis, Treasure

Now Lt.-Col. Hano

Lester Hano, of the firm o Newburger & Hano, 1419 Walnu Street, Philadelphia, Pa., has bee promoted to Lieutenant Colone of the United States Army Ai Force.

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Gatchell Resumes at F. S. Moseley in N. Y.

F. S. Moseley & Co. announce the return of Lt.-Col. Earle Gatchell as manager of the firm's wholesale department in the New York office, 14 Wall Street.

Earle Gatchell

Mr. Gatchell resumes the position he left in February, 1942, to serve in the United States Army in a capacity similar to that which he held in World War I. He served in the ammunition division of the Ordnance Department as chief of the powder and explosives section. In 1943, he went to the Southwestern Pacific theater as liaison officer with the Australians, supervising construction of a smokeless powder plant under Lend-Lease. Subsequently, he directed the modification and renovation of bazooka rockets in the Pacific, first under General MacArthur's command and later, under Admiral Halsey and Admiral Nimitz. Upon his return to the United States in October, 1943, he was appointed chief of the rocket section, ammunition division, Ordnance Department, a position which he held until the end of the war.

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Population and Purchasing Power Trends

By VERGIL D. REED*
Associate Director of Research, J. Walter Thompson Company

r. Reed Traces the Recent Trends in Population Growth and Distribu- on and Points Out the Significance to Producers and Distributors of a Reduced Birth Rate, Increased Number of Families, the Migration From Farms, and the Slower Growth of Cities Due to Industrial Centralization. Holds That Although Average "Take Home" Pay of Workers Will Drop From $65 to $47 a Week, Increased Selectivity of Employees and Greater Output Per Worker Will Do Much to Prevent Large Drop in Earnings and That Accumulated Savings Wiii "Cushion" the Reconver- ion Period. Sees a Higher Living Standard Ahead, and Concludes That if There Is Both Job and Peace Security, There Will Be a "Climate" of Prosperity and No Depression.

Since markets are people with money to spend,—and the desire o spend it,—it is important that marketing men know the character- stics, compo- ition, distri- ution, concentration, nd purchas- g power of ur people. What is hap- ening to hem? Where ere they be- ore the war? To what pat- erns do their novements onform? Where will hey be now hat the war s over? What s happening o their pur- hasing power? What are the major trends of the future? How vill these factors affect the poli- ies, plans, and success of your usiness?

Vergil Reed

Population is as vital to you as s the soil to the farmer who tills t. Fitting your marketing efforts o population characteristics and rends is as necessary as fitting he character of crops and culti- ation to the types of soil avail- ble. This is equally true whether our market be national, sectional, or local in extent; rural or urban in nature; male or female in sex; high or low in individual family purchasing power or educational standards.

We believe that some of the results of our research in population and purchasing power will be interesting and useful to you in formulating plans for the future. I give them to you with the major trends and probable changes in "brass-tack" brevity, followed by their significance to your future business operations.

Naturally enough, my former connection with the Census Bureau, present officials and recent findings of that Bureau, my current work as Consultant to the House Special Committee on Post-war Economic Policy and Planning, and the research facilities of J. Walter Thompson Co. have all contributed to these findings.

I.

Population Trends

A. Emergence from "Melting Pot" Stage—We are emerging from the "melting pot" stage as a nation. The last decade was practically free of immigration. In fact, for the first time in our history, emigrants actually exceeded immigrants between 1930 and 1940. Today, 9 out of 10 United States babies are born to native-born American parents, while in 1915 only about half were of native-born parentage.

B. National Birth Rate Is Gradually Falling—Our birth rate decreased from about 27 (per thousand persons) in 1910 to 17.6 in 1940. Because of this, along with decreased immigration, our rate of population increase is falling. We will probably reach our peak population, slightly over 150,000,000, between 1970 and 1980. Then population will remain stationary or show a slow decline. The significance of this lies in:

1. Decreasing need to adapt products to suit the preferences of "national" groups.

2. Less importance of foreign-language media for advertising.

3. Industry and businessmen cannot count on the magic stimulant of rapid population growth to cure their ills or to offset mistakes in judgment. More decisions must be based on facts.

4. Stationary or even decreasing population does not necessarily mean poorer markets, but will mean changes in the nature of demand. The standard of living can increase to very great heights even in a declining population.

5. The decline in population growth shuts off an important factor in capital formation. It is estimated that population growth and development of new territory accounted for half of our capital formation during the 19th Century.

C. Increase in Number of Families—Decline in Family Size—The number of families is increasing at about twice the rate of population increase. The number of families increased 16.6%, while population increased only 7.2% between 1930 and 1940. However, the size of the family is decreasing and dropped from 4.1 persons per family in 1930 to 3.8 persons in 1940. The significance of this is:

The family is the purchasing or consuming unit for most products, rather than individuals. Therefore, the declining rate of population growth will be offset for many years by the higher rate of increase in the number of families. This is a basic marketing factor too often overlooked in evaluating markets. Increased number of families means increased demand for many types of goods at a rate greater than that indicated by population increases alone.

D. Rapid Growth of Suburban Areas, but Decrease in Corporate City Populations—Since 1910, the rate of growth of our urban population has been decreasing. Large cities have practically ceased to grow within their corporate limits, with few exceptions; but suburban areas of large cities are growing rapidly and will undoubtedly continue to do so. Decentralization will definitely be encouraged by industry. Perhaps it will also be influenced by the implications of the atomic bomb, if available to other nations.

During the hundred years, 1790-1890, the average increase of the urban population between decennial censuses was 60.7%. This inter-censal increase dropped to 27.3%, between 1920-1930, and to 7.9% between 1930 and 1940. Even the rapid, but largely temporary, rate of war increases in the population of metropolitan counties has not, on the average, come up to the increases of the '20's.

The significance of this is:

1. Greater emphasis should be placed on neighborhood retail outlets in planning future distribution. Locations of supermarkets, department store and mail order branches, independent neighborhood stores, and freezer lockers will all be influenced.

2. Decreased rate of urban growth will tend to retard urban increases in land values, while suburban land values will increase.

3. The glory of the tax collector in past decades has been the rapid increase in urban property values, due to rapid population increases. It will be necessary to find additional sources of taxes, such as sales taxes. This may affect your products unless your industry takes steps to prevent it. The cities themselves will have to bear much of the additional tax burdens to furnish services for the increased surburban populations. This will mean additional taxes on stable or decreasing city populations to meet the increased expenditures. Fiscal relations with rapidly growing suburban areas will be difficult.

E. New Importance of Farm Markets—The proportion of our population on farms was standing still before the war. That proportion was 23.1% in 1940. It was once 95%. Every basic trend is against a back-to-the-farm movement. In fact, the proportion on farms is apt to show further decrease. Half of our farms sell nine-tenths of the farm products going into commercial channels. The remainder are largely subsistence farms. The significance of this development is:

Greater mechanization, the increased use of fertilizers, and better methods of farming mean higher purchasing power for the farmer. He will become a more important customer, even though his numbers might actually decrease. The problem is how can we raise the purchasing power of the half of the farms which are now practically subsistence farms.

F. Opportunities in the Service and Distribution Industries—It is widely and erroneously assumed that manufacturing and agriculture employ a large majority of our civilian labor force. As a matter of fact, manufacturing accounted for 23.4%, while agriculture, forestries and fisheries combined accounted for 18.8% of our total employed persons in 1940. Neither manufacturing nor agriculture will probably ever employ as many as 25% of our civilian employees again. The proportion of our labor force in trade, transportation, and the service "industries" has been increasing for over a hundred years. This increase will continue to absorb a major portion of our labor force, including self-employment. These fields, excluding Government, accounted for 45.8% of employed persons in 1940. The significance of this is:

With more people turning to services and distribution, there will be an increased opportunity for securing high quality dealers, better sales personnel, and better services. Increased mass production will largely depend upon better and more adequate distribution and service facilities.

G. Aging Population—1. America is aging, or perhaps we should say, coming of age; but because of its many implications we should not overlook the fact that during the coming years, this aging will be extremely important to everybody's market.

2. The average age is now 29 years, up from 26½ years in 1930. It was once 16 years.

3. The proportion of young in our population is decreasing. The proportion of old is rapidly increasing.

4. There will be more than three times as many people over 65 years of age in 1980 as in 1930—22,051,000 as against 6,634,000. The number of those over 65 actually increased about 35% between 1930 and 1940. In a single year (July 1, 1943, to July 1, 1944), the number of those over 65 increased by 213,000, the equivalent of a Dayton, O., or a Syracuse, N. Y. The significance of this is:

1. Elders usually have more leisure time. This leisure time, with their accumulated earnings and Social Security benefits, should encourage the purchase and enjoyment of both goods and services.

2. Pressure for old-age pensions, Social Security benefits, and insurance will increase. The burdens on the younger portion of

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*An address by Dr. Reed made efore the Advertising Club of New York on Oct. 10, 1945.

This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

New Issues
October 10, 1945

The Hawaiian Electric Company, Limited
(a Hawaiian Corporation)

$5,000,000 First Mortgage Bonds, Series E, 3⅛%
Due October 1, 1970

150,000 Shares Series C, 4¼% (Cumulative) Preferred Stock
(Par Value $20 per Share)

Dividends are subject to a 2% Hawaiian withholding tax.

Transferable subscription warrants are being issued by the Company pro rata to holders of its Common Stock evidencing rights to subscribe to Series C Preferred Stock at $20 per share. The underwriters may offer Series C Preferred Stock as set forth in the prospectus.

Price 103% for the Bonds
plus accrued interest from October 1, 1945 to the date of delivery

Copies of the prospectus may be obtained from whichever of the undersigned (the underwriters named in the prospectus) may legally offer these securities under applicable securities laws.

Dillon, Read & Co. Inc. **Dean Witter & Co.**

Crown Cork & Seal Company, Inc.

$2 Cumulative Preferred Stock
Without Par Value

Price $47.50 per Share
plus accrued dividends to date of delivery

Prospectus on request

W. C. Langley & Co.
115 Broadway New York 6, N. Y.

the population, which supports these benefits, will increase. "Townsend Plans" will become more vociferous, and there will be enough voting elders "to do something about it."

3. The problem of avoiding under-employment and unemployment will be increased by the fact that a larger proportion of the population is now coming into the productive age range of 20 to 59 years.

4. Industry's own retirement, benefit, and employee relations plans will be considerably affected. Retirement ages will probably be reduced. Industry will have to absorb its share of the increased burden of the care of the aged.

5. There will be changes of taste, preferences, and nature of demand for many products. In fact, special services and products for the aged will increase in number and volume. Geriatrics should be a highly promising field of medicine. Dentures, dry skin creams, hearing aids, travel, resorts, and electric blankets are only a few of the products and services that will benefit in an aging market.

II.

Migration of Population

A. The migration of population is not only an interesting phenomenon, but one which is basic to your market. It has been widely assumed, in fact generally so, that the migration of population was not an important factor until the war came and that the war needs established the patterns for this migration. That impression is very misleading. Between 1935 and 1940, the existing pattern was very well established. The West Coast states were big gainers of population, along with Florida. A solid tier of states, running from North Dakota to Oklahoma, was the big losing territory.

B. Two definite mass migrations have taken place in recent years in the United States: (1) the "Grapes of Wrath" depression migration in the '30's; and (2) the "Grips of War" boom migration of the '40's. The pattern of population migration prior to and during the war is dramatically shown by the two maps included. [Charts omitted.—Ed.] Note on the second map, "Civilian Population Shifts, 1940-43," that the war migration has taken the same direction, but the trends have merely been speeded up. The gaining states gained faster, and the losing states lost faster, so that the tier of five central losing states expands into an almost uninterrupted band of heavily losing states from Lake Michigan through Idaho, south to the Gulf, and northeast to Maine. Although we find substantial increases in Virginia and Maryland, these are almost entirely chargeable to government personnel in Washington, and the gains are largely concentrated in nearby Maryland and Virginia.

C. To understand what is apt to happen now that the war is over it is necessary to keep in mind constantly the fact that these patterns of migration are not the result of the war and that they will undoubtedly continue for some time.

D. Taking the West Coast as a specific instance, certain communities will suffer, but the West Coast will hold most of its present population. Some local geographic and occupational readjustments will, of course, be necessary, but there is no real reason to look for the great reverse migration from the West Coast which some pessimists have foreseen, apparently without consulting the facts. By 1950 the population of the West Coast States will probably exceed its present numbers.

E. Besides the normal population trend toward the West Coast, the tendency toward decentralization of industry, with its object of saving freight costs, should also contribute toward absorbing labor on the West Coast. Recent rulings of the Interstate Commerce Commission on freight rates are favorable to the West and South. In addition, increased trade with the Orient should further stimulate activity on the West Coast.

F. Shifts in sex distributions have been great and will affect many of your markets. In spite of the decline of civilian population, obviously due to the military withdrawals of males, the population in cities of 100,000 or over increased 2.8%, or by about a million people between 1940 and 1944. The astonishing fact is that the increase is due almost entirely to migration of females from rural-farm areas.

Females in rural-farm areas decreased 11.3%, but increased 13.1% in cities of over 100,000, and by 9.5% in smaller cities. Of this female decrease in rural-farm areas, 665,000 were between 14 and 24 years of age, and 270,000 between 25 and 44 years of age. Those between 14 and 24 years alone represent the equivalent of a Pittsburgh or a Washington, District of Columbia.

The rural non-farm areas showed a small gain between 1940 and 1944 in female population as a whole—but they, too, lost 263,000 women between the ages of 14 and 24.

G. The three great dramas of life are birth, marriage and death. Each of these means another type of migration in your market. The stork brings in new consumers. Cupid brings in new family purchasing units. Death shatters these families and liquidates your old customer accounts.

In the three and one-half years ending July 1, 1945, the stork brought you 10,569,000 new consumers. Cupid presented you with 5,447,000 new families. Death liquidated 5,137,000 of your old consumers, excluding war casualty deaths, which now total about 252,900. During this hour in which I am speaking the stork is making 345 deliveries, and the Grim Reaper is taking 168 consumers out of your market forever.

The significance of all this is:

1. The West and Southeast will continue to gain, largely at the expense of the North and Northeast.

2. As examples of regions most apt to retain their war-time growth and to continue to grow, the following metropolitan counties (roughly cities of 50,000 or over and the county in which located) appear outstanding:

Corpus Christi, Tex.
Dallas, Tex.
Jackson, Miss.
Jacksonville, Fla.
San Antonio, Tex.
San Diego, Calif.
Detroit, Mich.
Los Angeles, Calif.
New Orleans, La.
Charleston, So. Caro.
Columbia, So. Caro.
Columbus, Ga.
Mobile, Ala.
Galveston, Tex.
Atlanta, Ga.
San Francisco, Calif.

3. Metropolitan counties losing population during the war and having little prospects of regaining their losses, include the following:

Albany-Schenectady-Troy, N.Y.
Altoona, Pa.
Boston, Mass.
Duluth-Superior, Minn.
Fall River-New Bedford, Mass.
Scranton-Wilkes Barre, Pa.
Lancaster, Pa.
Lincoln, Neb.
Manchaster, New Hamp.
Pittsburgh, Pa.
Reading, Pa.
Rochester, N. Y.
Springfield, Ill.
Toledo, O.
Wheeling, West Virginia.
Worcester, Mass.

Note that those with the best prospects are, with the exception of Detroit, in the West and South; those with the poorest prospects, in the North.

4. The prospects for certain other areas, which may have special interest to you, appear to be as follows:

New York - Northeastern New Jersey area has lost population (about 820,000) during the war, with fair prospects of "coming back."

Baltimore grew at above average rates during the war and has a good chance of retaining its growth.

Cleveland grew at above average rates between 1920 and 1930, but did not fare so well during the '30's, and grew little during the war. Its future is hard to predict.

Indianapolis grew at above average rates during the depression years, as well as during the war. It has good prospects of retaining its growth.

Chicago has only fair prospects of retaining even its wartime population. Its metropolitan counties (Cook, DuPage, Lake County, Illinois, and Lake County, Indiana) showed a decrease of 1.4% between 1940 and 1943.

St. Louis showed a slight increase during the war, but has only fair prospects of retaining the increase.

Minneapolis-St. Paul area has lost slightly during the war, but has fair prospects of "coming back."

5. The migration of younger women from rural areas to the cities during the war, whether they remain or not—and probably most of them will—means increased demand for the products and services they have learned to value in their new environment. They, like the soldiers, have acquired many new wants, preferences, tastes, standards and viewpoints which will greatly affect their future purchases.

6. Those ten and a half millions of new consumers never heard of your company or your product. The more than five million who did know you are gone. Not only will they use no more of your product, but they have ceased influencing the purchases of others.

These are the changes of three and a half years. Think of their implications in a decade! Need I say more as to the necessity of continuity in your research, your advertising, and your selling efforts?

III.

Likely Post-War Purchasing Power

A. In the short span of a few years we have come from a shortage of purchasing power to an excess of it, which has consistently pushed prices up in spite of controls, taxes, and savings, with shortages particularly great in consumer durable goods. With the high prevailing wages and the enormous accumulation of savings, the present purchasing power of our population is unquestioned. Naturally there will be some drop of current earnings in the shifts of reconversion and with the cutting down of overtime pay. It is estimated, for instance, that before big-scale reabsorption of the military forces and with the cutting out of overtime pay, the average family "take-home" will drop from $65 a week to $47 a week.

B. The value of the output per man-hour has naturally increased during the war—as in all past wars—and this increase will show up even to better advantage

(Continued on page 1704)

This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

New Issues October 10, 1945

Celanese Corporation of America

$40,000,000 3% Debentures, due October 1, 1965

157,945 Shares Common Stock

The Common Stock is being offered by the Corporation to holders of its Common Stock for subscription at $50 per share through the issuance of Subscription Warrants. Common Stock may be offered by the underwriters as set forth in the prospectus.

Price 102% for the Debentures

plus accrued interest from October 1, 1945 to the date of delivery

Copies of the prospectus may be obtained from such of the undersigned (who are among the underwriters named in the prospectus) as may legally offer these securities under applicable securities laws.

Dillon, Read & Co. Inc.
Morgan Stanley & Co.
Glore, Forgan & Co.
The First Boston Corporation
Lehman Brothers
Blyth & Co., Inc.
Harriman Ripley & Co. Incorporated
Smith, Barney & Co.
Merrill Lynch, Pierce, Fenner & Beane
Kidder, Peabody & Co.
W. C. Langley & Co.
Shields & Company

Population and Purchasing Power Trends

(Continued from page 1703)

after greater selectivity of employees becomes possible in the post-war period. Assuming that the wage-earner gets his fair share of this increase, this gain should do much to prevent large drops in earnings.

C. The liquid savings of individuals have reached almost astronomical heights—up from $54 billion on June 30, 1941, to $111 billion on June 30, 1944, and now over $140 billion. These liquid savings do not include corporate savings.

D. In 1941 two-thirds of these savings belonged to those making over $5,000. Approximately one-half now belong to those earning under $5,000 a year, in spite of the fact that the number of people in the higher income brackets has increased during the war. Unfortunately, however, only a small portion of these savings is thought to be owned by those with incomes under $2,000.

E. 33.2% of our families had incomes under $1,000 in 1939, but only 10% in 1945. 4% of our families had incomes of over $5,000 in 1939, but 8.8% in 1945. 7.7% of families had incomes between $3,000 and $5,000 in 1939, but 17.8% in 1945.

F. It should not be assumed that all, or any large portion, of savings will be spent after the war. Their main value is as a "cushion" for the reconversion period and as a giver of confidence and security, which will encourage the spending of current earnings rather than the savings themselves.

G. One of our grave concerns revolves about the question as to whether or not the large numbers of people having incomes of, say, $2,000 per year or under, can really earn more than that. In other words, are they capable of producing more than $2,000 per year in goods? It seems quite probable that because of the large number of people who have been pulled out of backward and provincial regions and given a view of better standards of living, these people will tend to struggle harder to maintain their present standard than they would have struggled to attain that standard under normal conditions.

H. Consumer credit is well down, but has not quite reached the low point of 1933. Likewise, farm mortgages are lower than they have been since 1916.

Summing up the significance of these changes, we can say:

1. Great accumulations of liquid savings are valuable to you market-wise whether they are spent or not after the war.

2. The fact that half these savings will be in the hands of lower income groups means a broader market for your products.

3. Low consumer credit commitments and low farm mortgages mean greater current purchasing power for all goods.

* * *

We have the natural resources, the industrial facilities, labor force, capital, and management to turn out a national product of $200,000,000,000 a year. We can do it because we have already done it. But one further important force should be considered in connection with our population and the possibilities of maintaining the high standard of production which we have attained. This is the psychology of the population. If the people feel secure in their jobs and secure as to the peace, there is little reason to be concerned about depression. If people are ridden with fear as to the loss of their jobs or as to the security of the peace, they will not only hesitate to spend from their savings, but they will try to hold on to their current income. Industry as well as Government, therefore must keep in mind this factor and create the greatest feeling of security possible—the "climate" for prosperity.

This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of these Shares for sale, or as an offer to buy, or as a solicitation of an offer to buy, any of such Shares. The offering will be made only by the Prospectus. This advertisement is published on behalf of only such of the undersigned as are registered or licensed dealers or brokers in this State.

New Issues

Crown Zellerbach Corporation

353,103 Shares* $4.20 Cumulative Preferred Stock
Without Par Value—Dividends accrue from September 1, 1945

176,552 Shares* $4 Cumulative Second Preferred Stock
(Convertible into Common Stock on or before September 1, 1955)
Without Par Value—Dividends accrue from September 1, 1945

*The amounts shown above are the amounts offered by the Company to the holders of its $5 Cumulative Preferred Stock pursuant to an Exchange Offer which expires October 13, 1945. The amounts to be offered by the several Underwriters will be the amounts not issuable pursuant to such Exchange Offer.

Copies of the Prospectus will be obtainable only from such of the undersigned as are registered or licensed dealers or brokers in securities in this State.

Blyth & Co., Inc.

The First Boston Corporation **Goldman, Sachs & Co.** **Harriman Ripley & Co.** Incorporated

Kidder, Peabody & Co. **Lehman Brothers** **Mellon Securities Corporation**

Schwabacher & Co. **Smith, Barney & Co.** **Stone & Webster and Blodget** Incorporated **Dean Witter & Co.**

Glore, Forgan & Co. **Merrill Lynch, Pierce, Fenner & Beane**

October 11, 1945.

Institutional Bond Shares

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Toronto Montreal Winnipeg Vancouver London, England

The Bigger Jobs Ahead

By FRANK C. RATHJE*

President of the American Bankers Association
President, Chicago City Bank and Trust Co., Chicago

Newly Elected ABA President, in Inaugural Address, After Praising Work of His Predecessor, Points Out the Jobs Ahead as (1) Accomplishing the Goal of the 8th War Loan; (2) Aid to Returning Veterans; (3) the Financing of Peace-Time Business; (4) the Reestablishment of the Philosophy of Thrift; and (5) Giving More Attention to the "Average Bank." Expresses Hope of Early Renewal of Membership Meetings.

Frank C. Rathje

The American Bankers Association enters its 71st year of existence today. In its three score and ten years of useful life, it has had 59 presidents. Three of these served for three years each and five served for two years each. By virtue of the action taken today, I have become the 60th president.

To be given a place in the long line of men who have held this distinguished and responsible office, is to be given the greatest honor which is within the power of the banking fraternity to bestow.

Little did I dream, as a boy, on the prairies of Illinois, that I would one day stand in this coveted place.

I am deeply grateful for the honor that the bankers of the United States have conferred upon me. I sincerely trust that I shall merit their confidence. Throughout the year, I shall strive to grow in the understanding of the problems of the banks and the activities in our national economy. These will be my chief concern during the months ahead.

In our labors throughout the year, I pledge you sincerity and integrity.

As Dr. Burgess leaves the office, I should like to express to him the appreciation of the bankers of the nation. He came into leadership particularly fitted to analyze one of the major problems before the American people. No one in our membership was so well equipped to deal with the complex problems of international finance that became a subject thrown into prominence by the presentation of "Bretton Woods". The bankers of America owe him a great debt of gratitude for the service he has rendered. Neither the public nor the bankers yet realize the benefits which will flow from the contribution he made in the improvement of the Bretton Woods International Financial Legislation.

It did not seem possible a few weeks ago that concurrently with the dawn of peace, we would be inaugurating a new administration of our association. The war lasted so long that it almost appeared to be a way of life, but it has reached its solemn end. As we enter this new year. we shall dedicate ourselves to the tasks of peace no less than we devoted ourselves to the tasks of war.

Of vital responsibility is the success of the Victory Loan. Accomplishment of the goal in this 8th War Loan Drive will be more difficult to achieve than were the quotas in the previous drives. Since hostilities have ended. it will require greater effort on our part. We pledge that effort to the government of the United States.

It is just as important now, as it was previously. to have the federal debt well distributed. The investment by the public of a part of its buying power in victory bonds will do much to levelize the factors of inflation and deflation. of which so much has been said throughout the war years. The possibility of inflation is as great as it was while the war was still in progress, possibly greater, now that the strain is over and the urge to satisfy human wants runs stronger. The Victory Loan is our particular responsibility. We must redouble our will to sell the bonds. The drive will begin at the end of next month. Our Treasury War Borrowing Committee, our Committee on War Bond Drives and our staff are devoting themselves to the problems of organization and the preparation and distribution of promotional material of various kinds.

If we want to express our gratitude toward those, who by sacrifice of blood and suffering, made world peace possible again, here is a place to begin.

Today one of our most urgent needs is service to the war veterans. We acknowledged our responsibility in this field a year ago when we created our committee on service to war veterans. We recognize that the discharge of this responsibility involves more than the making of loans; that it involves as well, the many things that will help the veteran to re-establish himself in civilian life; that it calls for human understanding and practical help.

During the year, we have had a great deal of experience. This has been but a form of training for the bigger job ahead as millions of men and women are discharged from the service. Nation-wide machinery has been perfected among the banks. Our committee has worked closely with the Veterans' Administration, Veterans' Organizations and the Army and Navy, and it has given the committees of Congress the benefit of its knowledge and experience. The banks have cooperated with local groups devoted to the veterans' interests.

Progress has been made, and we take pride in what has been accomplished. There has, however, been dissatisfaction with the operation of the Veterans' Readjustment Act, commonly known as the "GI Bill of Rights". This law is not clear or practical. As a result, the regulations have been complicated. Functioning under the act has been difficult for all concerned, including the veterans themselves. For months, Congress has been considering revision. There have been many discussions and there have been many proposals. As a result of a study made for the Veterans' Administration, Mr. Bernard Baruch has urged that the act be "overhauled". In this activity, our association should take a leading role.

In an address closing the Japanese Surrender Proceedings on board the Battleship Missouri in Tokyo Bay, on September 2nd, General MacArthur paid tribute to the men who won the victory. In concluding his remarks, he said, "They are homeward bound. Take care of them." In that spirit we must approach this problem with fairness and generosity.

It is my personal opinion that if the best interests of the veterans and the country are to be served, there are certain broad principles that should be recognized as guide posts in the drafting of legislation on this subject. These principles include equal and equitable provisions for all veterans and all classes of veterans, fairness to the federal treasury, to the national economy and to the American taxpayer. It is to be borne in mind that the returning service man was a soldier yesterday, is a veteran today, and will be a civilian taxpayer tomorrow. The law should provide for such simplicity of administration that all lending institutions will be able to give equal, competent and effective service. Meanwhile, we must continue to serve the veteran to the best of our ability with the machinery that we have in hand.

Another essential, is the financing of peace-time business. Reconversion must and is being financed, but, beyond that, business must be assured of continuing credit. We must not only maintain a sound and prosperous economy, but we must also maintain a land of opportunity with freedom of private enterprise. Small business in particular must have the assurance of adequate credit if opportunity is to be preserved.

With the war's end and the present status of our economy, we can well afford to appeal for a re-establishment of the philosophy of thrift. Throughout our formative years, the judicious use of money and credit were fundamentals in the American way of life. America was built by the thrift of her people. Savings gave value to her land, built her cities, made possible her industries, her great transportation and communications systems, and other attributes of community life. They gave strength and independence to our nation. The accumulation of capital is just as necessary to a sound economy in the future, as it proved essential in the prosecution of the war. The encouragement of saving is the basic function of banking. Through it, we can better serve more people than in any other way. In recent years, thrift has been overshadowed by the emergency of war, and justly so, but now that the war has been gloriously won, all—government, banking, industry, and the individual citizen — should devote themselves to the re-building of that fundamental which is so vital to the nation's welfare. The re-establishment of the philosophy of thrift must be the keystone in the reconstruction of our economy.

Through the years, the Association has served all banks, large and small. To serve all of the banks, we must of necessity direct our thinking toward the requirements of a given institution, which, for lack of a better term, we may call the "Average Bank". The average bank is the common denominator of all banks. In it are wrapped up the needs and interests of all. If we serve it well, we shall succeed in serving all well. In this way, we shall achieve the greatest good for the greatest number.

We have missed, during the past two years, the meetings of the membership. I hope that in the near future, we may be able to resume these activities in the field. I know the staff is anxious to have closer contact with the membership. The committees, commissions and councils desire more general discussions of the matters with which they deal. As soon as conditions permit, we shall undertake to hold meetings again in various sections of the country where we can take joint counsel.

As we start the new year, I am reminded of an incident described recently by Dr. Franklin Snyder, the president of Northwestern University. He told of an experience related to him by a young naval officer bound from our shores for service in the Far Pacific. It appears that one day while a group of ensigns were engaged in writing letters, a ship's officer entered their quarters and said: "You boys want to remember that we have just crossed the international date line, so it isn't today any longer. It's tomorrow."

Aboard a ship travelling homeward through those same waters, it would have been appropriate for the officer to have said, "It isn't today now, it's yesterday." There will always be those who live in the day that is gone, but I am sure that the bankers of the nation visualize Dr. Snyder's "Tomorrow".

Chart your course as you will, the world we live in approaches the dawn of a new day. In that day, we must find our destiny. As we do, I look forward to an experience rich in adventure, gratifying in accomplishment.

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*Address of Mr. Rathje at the Inaugural Luncheon of the American Bankers Association, Waldorf-Astoria Hotel, New York City, Sept. 28, 1945.

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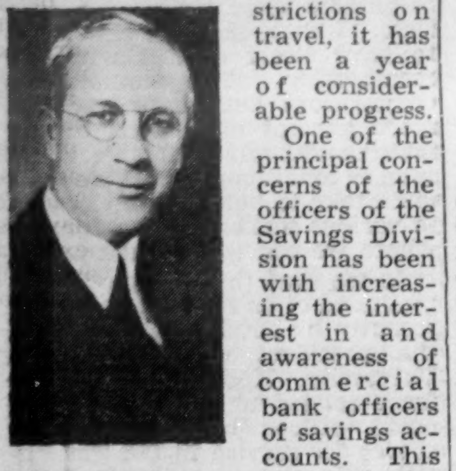
October 8, 1945.

The Future of Bank Savings Deposits

By H. R. TEMPLETON
President, Savings Division, American Bankers Association
Vice-President of the Cleveland Trust Company

Stating That One of the Principal Concerns of the Savings Division of the ABA Has Been the Increasing Awareness of Commercial Banks of Savings Accounts, H. R. Templeton, President of the Division, Reports an Almost Unprecedented Increase in Savings Deposits. From a Survey Made During the Year, It Is Not Expected That Withdrawals From Savings Deposits Will Be Heavy in Readjustment Period or That the Extension of Social Security Will Make It More Difficult to Secure Savings Deposits. Urges a Continuation of Thrift Education



H. R. Templeton

While the activities of the division during the year, like all others of the Association, have been handicapped by the progressively severe restrictions on travel, it has been a year of considerable progress.

One of the principal concerns of the officers of the Savings Division has been with increasing the interest in and awareness of commercial bank officers of savings accounts. This type of deposit has increased in both mutual savings banks and commercial banks during the year at an almost unprecedented rate. Savings and time deposits in commercial banks increased 25% during 1944 from 19.3 billions to 24.2 billions; in mutual savings banks the increase was 14%, from 11.7 billons to 13.3 billions.

The significance of these figures is obscured by the high level of national income and the shortage of civilian goods for purchase. Much of what might appear to be savings is probably deferred purchasing. It is also significant to note that the increase in demand deposits in personal accounts since 1941 is nearly $12 billion, or over 120%. During this period, time and savings deposits have increased by only 41%. This development also suggests deferred purchasing.

The gratification which bankers might feel with respect to this increase in savings and time deposits must be tempered by comparison with the increase in savings in competitive institutions. During the year 1944, deposits in postal savings increased 31% and since 1941 they have increased nearly 80%. Subscriptions to stock in savings and loan associations are estimated to have increased in 1944 by 21%. Both of these rates of increase are higher than the increase in time and savings deposits in banks. (See table below.)

Amount of Savings and Time Deposits in Banks,
Deposits in Postal Savings System, and
Privately Owned Shares in Savings and Loan Associations,
with the Increase During 1944 and from 1941 to 1944
(In millions of dollars)

	Amount		Increase		% Increase	
	Dec. 31 1941	Dec. 31 1944	1941-44	1944	1941-44	1944
In all banks	$26,476	$37,530	$11,054	$6,442	41.8	20.7
Commercial	15,944	24,180	8,236	4,830	51.7	24.9
Mutual savings	10,532	13,350	2,818	1,612	26.8	13.7
In postal savings	1,314	2,342	1,028	554	78.2	30.9
In savings & loans	2,598	4,334	1,736	760	66.8	21.3

Sources: Federal Reserve Bulletin, July 1945; Federal Home Loan Bank Review, Statistical Supplement, 1944 and 1945.

The officers of the division, and particularly its Committee on Savings Development, have been concerned to bring these facts before bank officers and keep them prominently in their minds. To this end, a series of savings conferences begun under previous administrations was continued before the restrictions on travel interfered. Meetings were held in Kansas City and in Atlanta. Both were well attended; the discussions were free and interest was high. A number of bank officers who attended confessed to obtaining a new point of view toward their savings accounts.

As a substitute for these conferences, the Committee on Savings Development under the chairmanship of L. A. Tobie, President, Meriden Savings Bank, Meriden, Conn., sent the same questionnaire that had been used in connection with them to banks in Alabama, Arkansas, California, Colorado, Delaware, District of Columbia, Florida, Georgia, Idaho, Indiana, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia and Wyoming, either directly with the cooperation of the state association or indirectly through the state association itself.

The results of the circulation of this questionnaire have just been compiled and are now available for the country as a whole, except New York and New England, for sections of the country, and for individual states. Some of these results are sufficiently striking to justify their inclusion in this report.

Replies were received from over three thousand banks scattered throughout these states and represent a good distribution of banks by size, by amount of time and savings deposits, and by proportion of time and savings deposits to total deposits.

Notwithstanding the large increase in time and savings deposits in commercial banks during the year 1944, about one-third of these reported no increase. The failure of savings and time deposits to increase was reported by a larger percentage of banks in the group under $100,000 than in any other size-group. And a large number of those in this size-group who reported that their savings and time deposits had not increased were located in the southern states. Nearly half of those in the central states in this size-group reported no increase since the date of the last call report.

The interest rate paid on savings and time deposits varied from 0% to 2½% and approximately one-half the banks reported 1% and about 40% reported various split rates. The largest percentage of banks reporting 2% were located in the western states.

The variety of rates and bases for computing interest on returns to savings depositors is great and indicates the need for careful study on the part of bank officers with a view toward greater uniformity.

Over one-third of the banks reported that they had made no change in interest paid on savings and time deposits within the last 12 months. Over one-half of the reporting banks indicated that they operate their savings departments at a profit; nearly 600 banks were uncertain; about 10% reported they operated at a loss, about 20% thought they broke even. Twenty-five hundred out of 2,900 banks reporting on the question believe that banks should recognize a special responsibility for the promotion of a consistent and systematic savings program, particularly accounts involving persons of small means. This preponderance of opinion prevailed in every section of the United States. There was variation, however, in opinion as to what method should be used, with the majority voting against the use of a premium rate of interest to encourage the opening of small accounts and their consistent growth.

Nearly one-quarter of the banks reported some problem of over-activity in savings accounts. This problem appears to be much more frequent in larger banks than in the small ones in every section of the country. A large majority reported against any further reduction in interest paid to savings accounts. in favor of charges for over-activity, and against encouraging the diversion of savings funds into other investments. A little over half the banks reported that they are actively encouraging the opening of savings accounts, while a little under half reported they are encouraging the building up of balances in existing savings accounts. A larger proportion of the banks in the southern states than in any other section reported that they are not encouraging either of these objectives.

Eighty per cent of all those reporting expressed the opinion that as a matter of sound public policy banks should now be ac-

(Continued on page 1722)

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Banks Expanding Consumer Credit Activities

By CARL M. FLORA

Chairman, Committee on Consumer Credit, American Bankers Association
Vice-President, First Wisconsin National Bank, Milwaukee

Mr. Flora Reports That 10,600 Banks Will Soon Be Engaged in Consumer Lending, and That Increased Interest Is Shown in This Phase of Credit. Asserts Proper Use of Consumer Credit Is a Powerful Factor in Combating Inflation and Urges Banks to Discourage Cashing of Savings Bonds by Extending Credit on Consumers' Purchases. Tells of Activities of Committee to Help Banks in Their Consumer Credit Operations.

Carl M. Flora

Immediately following the annual convention in Chicago in September, 1944, the Committee on Consumer Credit held a special meeting to review and discuss the present activities and to formulate a post-war program for banks in or contemplating entering this field of lending after the war. It may appear that due to the decline in production and inventories of consumers' durable goods and the far greater availability of cash with which to make purchases, the activities of the Committee would be limited. However, such is not the case. The final results of our 1944 survey showed that approximately 10,600 banks throughout the country would be engaged in some phase of consumer lending. The results of this survey have created widespread interest among banks, trade associations, manufacturers, dealers and others who have some direct interest in this type of credit. These results were published in a summary which showed the post-war intentions of banks by individual States and has been exceedingly helpful to banks in the various States in arriving at a decision to offer their bank services in this field of credit.

During the past year the Committee on Consumer Credit assisted the Advertising Department of the American Bankers Association and the Consumer Credit Committee of the Massachusetts Bankers Association in preparing a manual of operation on the "Blue Triangle Plan." This is a health financing plan which is being offered to patients of doctors and dentists and has the full support of the medical and dental associations in Massachusetts. Approximately 42 State bankers associations have requested full information and manuals describing the plan, with at least six States requesting permission to adopt the plan. The "Blue Triangle Plan" has been copyrighted by the Massachusetts Bankers Association with all rights and privileges assigned to the American Bankers Association.

A manual of operations has been prepared by the Committee on Consumer Credit on the subject of home appliance financing and distributed to banks and to others interested. To date, almost 8,000 copies have been requested. It is our belief that this material is well prepared and thorough, and gives to the banks the information they will need to operate, not only soundly, but on a competitive basis in this field of credit.

The developments in the aircraft industry have created considerable interest among banks, aircraft manufacturers, distributors, dealers, airports, airparks and individuals, which prompted our Committee to make a study of this type of financing. As a result of this study, a manual "Aircraft Financing," was prepared and distributed. The requests for this material have far exceeded our original expectations and to date almost 7,000 copies have been requested by

(Continued on page 1726)

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Report of the Economic Policy Commission

By BRIGADIER GENERAL LEONARD P. AYRES

Chairman, Economic Policy Commission of American Bankers Association
Executive Vice-President, Cleveland Trust Co., Cleveland, Ohio

General Ayres Outlines the Conditions Leading to the Bretton Woods Proposals and Explains the Attitude and Actions of the ABA's Economic Policy Commission in Reference to Them. He Points Out Also Part Played by Association in Connection With the Changes in Reserves of the Federal Reserve System and the Repeal of the "Fiat Money" Provisions of the Thomas Amendment. Says Many Recommendations of the Association Were Adopted by Congress and That the Past Year Has Added Another Chapter to the Record With Respect to Financial Legislation "in Which We May Take Pride."

The Bretton Woods proposals ccupied the attention of the Economic Policy Commission during he year ending Aug. 31, 1945. Working with he Committee on Federal Fiscal Policy of the Association of Reserve City Bankers and he Study Committee on Post-War Problems of he Bankers Association for Foreign Trade, the American Bankers Association succeeded in having written into the acts as passed provisions which they believe will in some measure safeguard the interests of the United States and will improve the operation of the international monetary machine. The amendments fell short of the thorough-going revisions proposed, but they do clarify the interpretation placed by the Congress on the statutes of the Fund and Bank and, together with the congressional and public discussions, will support the management of these institutions in pursuing sound policies.

Leonard P. Ayres

Prior to World War I there had been little need for an international monetary organization, for the place was in large degree filled by the Bank of England. After World War I, with the rise in importance of the United States in world finance, the greater development of money markets in other centers, and the dislocation of accustomed mechanisms, international financial cooperation became essential. Important steps toward eventual international cooperation were (1) the offering of a series of central bank credits to European countries struggling under unstable currencies; (2) the establishment of the Bank for International Settlements following the Young Plan for German reparations in 1929, and (3) the Tripartite Agreement of 1936. In view of the complexity and the magnitude of the reconstruction which will follow World War II, it was essential that a search be made for methods of working between nations in the field of finance, methods which might break down some of the barriers which had grown during the depression to towering heights, methods for putting the world back on solid financial foundations. The world is indebted to the United States and the British treasuries for recognizing this problem early and for making plans to face it.

In the spring of 1943, London and Washington issued almost simultaneously initial proposals for an international stabilization fund to aid various countries in the reconstruction period and afterward. The two proposals were called the Keynes and the White plans, after the principal authors. Following their publication, the Advisory Committee on Special Activities and the Economic Policy Commission prepared a comprehensive report titled, "The Place of the United States in the Post-war Economy," which included a discussion of international financial cooperation. The report advocated the establishment of an international bank which might form a center for consultation on monetary questions and extend credits to central banks in connection with programs for monetary stabilization. It took the position that loans made by such an organization should accord with established banking principles, and should be made only after thorough investigation of the economic condition of the borrowing country. It was critical of both the Keynes and the White plans on the ground that their lending provisions did not contain adequate safeguards.

A tentative plan for an International Bank for Reconstruction and Development, for making or guaranteeing long term loans, was published by the United States Treasury in the autumn of 1943. In April 1944, the British and the American treasury experts, after consultation with monetary specialists from a number of other countries, published a joint statement, an "Experts' Plan," of principles with reference to an international monetary fund. This report was the basis for the Bretton Woods Conference called for July.

On June 9, 1944, after the plan for the conference had been announced, representatives of the American Bankers Association went to Washington at the invitation of the Treasury to confer with its representatives. At the conclusion of these conversations, the Association's representatives filed with the Treasury a brief statement of their position, from which the following three paragraphs are quoted:

> While appreciating the additional provisions you suggested for safeguarding its use, we still have questions as to the size, nature and provisions for use of the suggested fund. The amount proposed in the experts' draft plan seems to us far larger than is necessary or desirable if it is really limited to use as a stabilization fund.
>
> A too large fund may be as dangerous as an inadequate fund. Many parts of the world face serious prospects of post-war inflation such as occurred just after World War I. Many countries already have large supplies of dollars and gold, partly as a consequence of this country's war spending. Many are already in the grip of serious inflation.
>
> The very size of the fund is an invitation to over-expansion. We also still believe that the provisions for the use of the fund are so drawn as to create the impression that countries have a right to borrow within the limits of their quotas, without much question as to the use of the funds and capacity for repayment.

On July 1, 1944 representatives of 44 countries met at Bretton Woods, New Hampshire, for three weeks and produced an 85-page document entitled, "The Articles of Agreement for an International Monetary Fund and an International Bank for Reconstruction and Development." This document was submitted to the participating governments for approval or disapproval by their respective law-making agencies. Immediately upon publication of the plan, the American Bankers Association assigned the responsibility for formulating its views and submitting them to Congress to the Advisory Committee on Special Activities. At the annual convention in Chicago in Sept. 1944, the Administrative Committee was charged with the responsibility for acting for the Association in considering the report of the Advisory Committee.

The Economic Policy Commission worked closely with the Advisory Committee throughout the discussion of the plan. Meetings were held in Chicago, Washington, and New York, and on Feb. 1, 1945, the two groups, together with the committees of the Association of Reserve City Bankers and of the Bankers Association for Foreign Trade, published a report titled, "Practical International Financial Organization through Amendments to Bretton Woods Proposals." This report approved the objectives of the Bretton Woods program in general and the proposal for the International

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Bank for Reconstruction and Development in particular, but pointed out a number of serious dangers or inadequacies in the Fund as projected and proposed definite methods by which the plan could be revised so as to remove or lessen the dangers without sacrificing the major objectives or imperiling its acceptance by other countries. There was much public discussion of the report, approving or disapproving.

Hearings before the Banking and Currency Committee of the House of Representatives were begun in March, and four bankers appeared to present the point of view of the banking associations: W. Randolph Burgess of New York, Linn Hemingway of St. Louis, the late Leon Fraser of New York, and Leonard P. Ayres of Cleveland. These men presented the substance of the report published on Feb 1. Following are the major recommendations contained therein:

(1) That the capital funds of the Export-Import Bank be increased to $2 billion, first to provide means for meeting promptly deserving credit needs prior to the setting up of an international bank, and second, to enable the United States to make loans in which this country has special interest and which can be made more effectively through a national institution than through an international body.

(2) That the Johnson Act and any analogous provisions in the Neutrality Act now standing in the way of private loans to certain foreign countries be repealed.

(3) That the Bretton Woods plan for an International Bank of Reconstruction and Development be adopted, but with the following suggested changes:

(a) That the two paragraphs in the Bank agreement which make membership in the Bank dependent on membership in the Fund be deleted.

(b) That an article be added placing on the governors and directors of the Bank responsibility for arranging and negotiating agreements between the member countries with respect to the stabilization of currencies, removal of exchange controls as rapidly as practicable, and the general rules of procedure in carrying out monetary policies.

(c) That the Bank be authorized to collect information with respect to monetary and economic matters as outlined in the Monetary Fund proposal.

(d) That the lending powers of the Bank be broadened sufficiently to allow it to make loans, under the same safeguards as the other loans of the Bank, for the purpose of aiding countries in stabilizing their currencies.

(e) That a Council be set up in the Government of the United States to supervise foreign lending policies.

These amendments would have the effect of merging the Monetary Fund into the Reconstruction Bank and developing the currency and exchange functions more gradually as experience dictated.

The Banking and Currency Committee of the House reported the bill out on May 30, 1945, with five principal amendments, some of which were those recommended by the banking associations, including: (1) the setting up of a Council, consisting of the Secretary of the Treasury, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, and the Chairman of the Export-Import Bank, the duties of which will be to lay down broad policies for the guidance of the American representatives of the Fund and Bank and act for the United States in those matters in which the Articles of the Bank and Fund call for a decision by this government, and (2) the provision that the lending powers of the Bank should be definitely recognized as including the power to make stabilization loans, thus relieving the Fund from making the less liquid long term loans.

Certain other amendments were made in an attempt to meet weaknesses in the bill pointed out by the associations. One such amendment specified the limits within which the Fund should operate, that is, "current monetary stabilization operations to afford temporary assistance to members in connection with seasonal, cyclical, and emergency fluctuations in the balance of payments of any member for current transactions." Another amendment provides for a thoroughgoing review of the operations and policies of the Fund and the Bank every two years. This review, to be made by the Council and transmitted to the President and the Congress, would seek, among other things, to determine whether the operations and policies were consistent with the policies and interest of the United States. The powers of the Fund to collect information were made much less drastic, following a recommendation of the bankers in their oral testimony. The proposals of the Association's report that the two institutions should be merged to assure coordination of policy was met only to the extent that a single person will represent the United States as governor of both the Bank and the Fund. The bill passed the House on June 7, 1945, and as a result of the compromise which the amendments represented, received a very heavy affirmative vote.

Hearings before the Senate Committee on Banking and Currency were begun on June 12, 1945, and the Association's views were presented by Mr. Burgess and Mr. Hemingway. The Senate committee reported the bill out on July 6, and on July 19, 1945, the Senate passed it by a vote of 61 to 16.

In addition to the House amendments, the Senate made further changes at the suggestion of the bankers. These are the preclusion of the use of the Fund for armament, and a statement of the policy of the United States as t the interrelationship between th proposed institutions and othe elements of a sound internationa economic program. This latte provision is as follows:

> Sec. 14. In the realization tha additional measures of interna tional economic cooperation ar necessary to facilitate the ex pansion and balanced growth o international trade and rende most effective the operations o the Fund and the Bank, it i hereby declared to be the polic of the United States to seek t bring about further agreemen and cooperation among nation and international bodies, a soon as possible, on ways an

(Continued on page 1712)

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Economy In Government Essential

(Continued from page 1691)

ne which requires the expendiure of money that must be taken rom the people through taxation. he government method in vogue nder which Congressional approriations are made without refernce, consideration, or measureent of their proper relationship o the complete national budget s so unsound that it is almost inomprehensible that such a system hould be allowed to continue in country like the United States f America.

Undoubtedly the size of the ctual war expenditures with all ts waste has had the psychological ffect upon Congressmen of leadng them to feel that millions of ollars or small numbers of bilions added to the billions upon illions that are being expended s so small in proportion as not to e worthy of careful consideraion. But, if we are to save our ountry from unnecessary hardhip or bankruptcy, Congress must begin to think in thousands nd millions of dollars instead of n billions, and it must base its ppropriations upon ability of the eople to pay taxes and still mainain satisfactory living conditions hrough enterprise and producion.

Appropriation bills to meet the emands of pressure groups are eemingly drawn up without the lightest thought as to the effect he expenditures required to make the laws effective will have upon taxation and the resulting curtailment of the development of production that makes for employment and a proper standard of living for the people. Both great political parties in the country should be interested in correcting this situation to the point of complete cooperation.

We cannot avoid recognizing, however, that a tremendous proportion of our population as well as that of other countries is anxious about their opportunity to make a living in this postwar period. This includes management, with unknown problems covering costs of production and ability to find markets based on such costs, agriculture with similar unanswerable questions, and labor which cannot but wonder whether there will be jobs for all.

It is natural, therefore, if they are content to work along lines of least resistance, that legislators should be led into thinking that the mere spending of money in order to satisfy pressure groups may also alleviate hardships, and then not follow through and ascertain what the effect of taxing people in order to obtain the money will have upon production and employment.

The problem of employment cannot be solved by government taking money from the public and then spending it in ways that cannot be productive in the blind hope that it will protect the interests of the people. Because of the nature of man, his strange super-ability to accomplish in case of necessity or under responsibility, his great incompetence when necessity and responsibility are taken from him, the power which is exerted upon him by the incentive for profit that makes him build for others as well as for himself, and the peculiar psychological effect upon his mentality when he is placed in a position where he can control others through government, it has proved impossible for government even with the best of intent to carry on business and production for the people with the same efficiency that the people could carry on for themselves under proper regulations that would protect the rights of all.

Due to the tremendous fear which labor naturally has as to the question of postwar jobs, some of its organizations in striving for protection solely for themselves are doing so in ways that make for disintegration and not for national prosperity. Labor can no more solve the economic problems of the world at the expense of management than management can do so at the expense of labor.

In seeking a way out, British labor in the beginning recognized the futility of nationalization of industry. It saw and understood that it meant enormous added expense to the country with a slowing up of business activity in every industry which might be nationalized. At first, therefore, British labor was seemingly striving to find some way to control industry that would not require nationalization.

There was the thought that if the mining industry, the textile industry, the steel industry, and some others, were taken over by labor, and labor managed and controlled them and allocated the production and disposal of goods, it might in this way assure men jobs. Possibly as British labor studied the situation, the futility of such methods became evident, which made it turn again toward nationalization.

The statements of one of the principal spokesmen for the present Labor Party in England, which has just won the election, leads to the belief that nationalization, first of banking, then of mining and of other producing industries, is part of the labor program. Should this be carried out it will undoubtedly lead the country into the quicksands of stagnation, which will swallow up the inherent ability of the people of Britain that made it the greatest trading nation on earth in the pre-world-war period, an activity that resulted in the stimulation and growth of business and productive effort in many countries of the world to the great benefit of all peoples.

In France, too, the fear of labor that jobs may not be available has led to schemes for government to control and operate in ways that government cannot successfully do in the interests of the people.

It seems to be generally forgotten that management has any place in the picture whatsoever and yet in the United States of America, management in tremendous proportion is made up of men who have graduated in the field of labor and who are utilizing their ability partly gained from their labor experience to make the wheels go around and give jobs and income to labor.

We must recognize that there are two forces which make for retrogression in business processes through aiming to give the government powers it should not have and cannot exercise in the interests of the people. One is that of fear for postwar jobs and postwar enterprise which has already been mentioned, and the other is the desire for power on the part of those who would utilize the large number of persons who are represented in the labor groups to accomplish their own ends, which in reality can only be attained at the expense of labor.

If we would prevent the present world trends toward destructive dictatorial government that are the result of the working of these two forces from engulfing the nations and laying the foundations for another war, we must take them seriously and through education develop understanding that will allay fear and control those who would be dictators. Giving up individual freedom to a totalitarian government is not an exchange of freedom for security. Slavery under dictatorship is not security and jobs under such conditions have not the high degree of permanency that can be attained under a free enterprise system if it is not dominated and interfered with by high pressure groups. It is only through the exercise of individual initiative made possible by a truly democratic representative government that enterprise can function in such a manner as to provide work for all and a high standard of living.

Members of the Commerce and Marine Commission are: Fred I. Kent, director, Bankers Trust Company, New York, N. Y., Chairman; John S. Broeksmit, Vice President, Harris Trust and Savings Bank, Chicago, Illinois; L. M. Giannini, President, Bank of America N. T. & S. A., San Francisco, California; James D. Harrison, President, First National Bank, Baltimore, Maryland; Ernest J. Miller, President, South Texas National Bank, San Antonio, Texas; B. Murray Peyton, President, The Minnesota National Bank, Duluth, Minnesota; Earl W. DeLano, President, Allegan State Bank, Allegan, Michigan; Herbert D. Ivey, President, Citizens National Trust & Savings Bank, Los Angeles, California; Henry J. Nichols, Vice-President, National Shawmut Bank, Boston, Massachusetts; L. W. Smith, President, Union National Bank, Pittsburgh, Pennsylvania; George Bassett, President and Treasurer, Connecticut Savings Bank, New Haven, Connecticut; Keehn W. Berry, President, Whitney National Bank, New Orleans, Louisiana; H. Hiter Harris, President, First and Merchants National Bank, Richmond, Virginia; R. Lee Kempner, President, United States National Bank, Galveston, Texas; Bayard F. Pope, Vice Chairman executive committee, Marine Midland Trust Company, New York, N. Y., and Robert W. Bachelor, ABA, New York, N. Y., Secretary.

St. Louis . . . and the Railroad Industry

St. Louis is the second largest railroad terminal in the United States, being served by nineteen trunk line roads, which, with their affiliates, operate **57%** of the main track mileage of the country's Class 1 railroads. In addition, four short lines and five switching roads serve the Metropolitan district.

The excellence of St. Louis' railroad service, together with the city's strategic, central location, has been a major factor in the growth and development of many major industries in this area.

Mercantile-Commerce has had a close association with the railroad industry through many, many years . . . one of the many examples of how this bank has cooperated constructively towards the growth of business in the widely diversified industrial area of St. Louis and the great Southwest.

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Report of the Economic Policy Commission

(Continued from page 1709)

means which will best reduce obstacles to and restrictions upon international trade, eliminate unfair trade practices, promote mutually advantageous commercial relations, and otherwise facilitate the expansion and balanced growth of international trade and promote the stability of international economic relations. In considering the policies of the United States in foreign lending and the policies of the Fund and the Bank, particularly in conducting exchange transactions, the Council and the United States representatives on the Fund and the Bank shall give careful consideration to the progress which has been made in achieving such agreement and cooperation.

On July 12, Mr. Burgess appeared before the House Committee on Banking and Currency in behalf of the Association and Mr. Hemingway filed a letter, to support a bill to increase the lending authority of the Export-Import Bank, in accordance with the proposal previously noted in the report on Bretton Woods. In his testimony Mr. Burgess advocated that the bill should include a statement as to the relationship between this bank and private enterprise, and some statement of standards as to the quality of loans. In the response to this suggestion the following paragraph was included in the bill:

> (b) It is the policy of the Congress that the Bank in the exercise of its functions should supplement and encourage and not compete with private capital, and that loans, so far as possible consistently with carrying out the purposes of subsection (a), shall generally be for specific purposes, and in the judgment of the Board of Directors, offer reasonable assurance of repayment.

This bill was passed by both the House and the Senate before the summer recess.

It should be noted also as a part of this report that earlier in the year Mr. Burgess had appeared before both the House and the Senate banking committees in connection with a reduction in the reserve percentages of the Reserve System. He had stated the position of the Association as approving these reductions as necessary at this time, but had advocated that at the same time the power of the Federal Reserve System to issue Federal Reserve bank notes should be terminated, as well as the so-called greenback provisions of the Thomas amendment to the Agricultural Bill of May 1933. This recommendation was adopted in the legislation as finally passed.

In the past year the American Bankers Association has thus added one more chapter to a record with respect to financial legislation in which we may take pride. For many years past, representatives of the Association have appeared before Congress in connection with practically every major piece of financial legislation. As a result of their efforts, improvements have been made in this legislation so that it would better serve the interests of the American people. This was so of the Federal Reserve Act, the Banking Acts of 1933 and 1935, the Securities Exchange Act of 1934, and many others which in their present form on the statute books reflect painstaking service by the Association.

In most of these cases the Association has been able to approve the objective and principle of the proposed measures but has opposed features they have believed unsound and has suggested amendments. As in the recent legislation all of the suggestions of the Association representatives were not adopted, but many were. We have performed our duty of giving the Congress and the public a thorough and honest analysis of proposals before it. Thus, in addition to the actual changes in the bills, the public and the Congress have been better informed as to the problems and principles involved, and this is perhaps even more important in the effective operation of the instruments created.

With respect to Bretton Woods and the Export-Import Bank, the problem now becomes one of management, of finding the right people to run these institutions, and of giving them the intelligent and critical support which they will so much need as they venture into untrodden ground.

Members of the Economic Policy Commission, are: Leonard P. Ayres, Executive Vice-President, The Cleveland Trust Co., Cleveland, Ohio, Chairman; F. M. Farris, President, Third National Bank in Nashville, Nashville, Tennessee; Richard S. Hawes, Vice-President, First National Bank, St. Louis, Missouri; Harold H. Helm, Vice-President, Chemical Bank and Trust Co., New York, N. Y.; Philip R. Clarke, President, City National Bank and Trust Co., Chicago, Illinois; William A. Mitchell, Vice-President, J. P. Morgan & Co. Inc., New York, N. Y.; Raymond H. Trott, Vice-President, Rhode Island Hospital Trust Co., Providence, Rhode Island; E. S. Woosley, Vice-President, Louisville Trust Co., Louisville, Kentucky; A. P. Giannini, founder Chairman, Bank of America N. T. & S. A., San Francisco, California; Ray Harrison, Vice-President, Mellon National Bank, Pittsburgh, Pennsylvania; Gordon D. Palmer, President, First National Bank, Tuscaloosa, Alabama; Levi P. Smith, President, Burlington Savings Bank, Burlington, Vermont, and Robert W. Bachelor, A.B.A., New York, Secretary.

Optimistic on Reconversion

October Letter of National City Bank Says Reliance on Business Initiative Has Been Justified. Says Argument That Wage Rates Fallen Behind Living Costs Is Incorrect.

Discussing general business conditions in the October Monthly Bank Letter of the National City Bank of New York, the view is taken that physical difficulties and unemployment in the reconversion process have been exaggerated and the reliance on business initiative to effect the transition has been justified.

The promised speed in reconversion, the letter remarks, exceeds expectations held before V-J day, and certainly the facts thus far cited are at variance with the predictions of a "great emergency." To be sure, the bulk of the demobilization of the armed forces lies ahead. Also, there is no certainty that manufacturers' intentions to expand peacetime production on the scale reported will all be realized, for the conditions which govern are not wholly under their control. They have to contend in too many cases with labor disturbances and shutdowns, either in their own plants or in those of their suppliers. They are handicapped in other cases by labor shortages, or by not knowing yet whether the Office of Price Administration will allow them to put profitable prices on their products. They face the further uncertainties as to costs, prices and production levels, which go along with union demands for large and general wage increases. What the effect of these dangers may be in impeding reconversion and slowing down the recovery in civilian production is for the next two months to show.

The evidence does establish, however, that business men are optimistic and ambitious, and that they are moving with energy and resourcefulness, depending upon their own ingenuity and under no stimulus or compulsion except their own desire to do business. Moreover, they have programs of plant improvement and expansion on a scale which may rival the most active periods of the past, if construction costs are not prohibitive. On all sides are signs that the spirit of enterprise is high, and that the reliance which Mr. Snyder and Mr. Krug have placed on the initiative and ingenuity of business to carry out reconversion swiftly is being justified.

Commenting on the labor difficulties, it is stated: The demands of the unions for a 30% increase in hourly wage rates, backed by threats of strikes, are based upon three principal arguments. One is that the decline in take-home pay, which follows the ending of high-paid war jobs and elimination of overtime work, has to be made good through increased hourly rates if workers' buying power and markets for the industrial output are to be preserved. Another is that the Little Steel formula has depressed the real wage of labor by ignoring the rise in the cost of living above that recognized in the formula; and that with the war over this injustice should be rectified. The third is that the distribution of wartime earnings between employers and workers has been inequitable, resulting in exorbitant corporate profits.

Wage arguments are always difficult, for misunderstandings, prejudices and misrepresentations abound. Employers do not question that the take-home pay will decline if hourly rates are unchanged, and there is much sentiment for whatever advance in straight-time rates can be justified by increases in man-hour output. Employers, however, are at the mercy of those who buy their goods. They have to consider not only wage rates but the productivity of the worker, the level of wage costs and overall costs, and the effect of cost increases upon prices and ability to sell the product.

The claim that take-home pay must be maintained if the products of the industries are to be absorbed overlooks two facts. One is that union workers themselves buy only a part of what they produce. The rest is purchased by farmers, unorganized workers, professional people, the white collar class, pensioners and others living on fixed incomes,—many of whom, incidentally, have had much smaller pay increases during the war than factory workers. The second fact is that wages are a part of costs. If the effect of wage increases to industrial workers is to raise prices beyond the power of other groups to pay, the product of the industries cannot be absorbed, and the workers will give up in unemployment what they think they have gained in money wages. On the other hand, if all wages are raised prices will follow and no one will gain relatively.

The Cost of Living

The argument, says the Letter, that wage rates have lagged in comparison with the cost of living is incorrect if the data of the U. S. Bureau of Labor Statistics are accepted as authoritative, and it adds that the present situation is extraordinary in that prices are controlled. If wage increases squeeze the margin between costs and the controlled prices the incentive and ability to produce will be curtailed, and higher-cost producers will be compelled to work at a loss or cease operations, diminishing the supply of goods at a time when the urgent need is greater production. But if ceilings are broken and prices pushed up, the danger is of an inflationary spiral, fed by excess money supplies and by speculation, inventory accumulation and hoarding, until the structure collapses through fundamental weaknesses and excesses as in 1937, 1929, 1921 and other past periods.

Interruptions of production by strikes likewise feed inflation. for they diminish the supply of goods at a time when it is insufficient relative to money buying power and when the main hope of maintaining stable and orderly markets is to increase the supply. The way out of inflation through increasing supplies has been demonstrated since V-J day, by the appearance of more foods in the markets and the resulting easing of strain, correction of maldistribution and curbing of black markets. It is now seen that these results are accomplished easily and automatically by making more goods available; and, despite all efforts of the overhead control, probably they could be accomplished in no other way.

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Something New

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For the first time a way has been found to put into a locomotive the same kind of power that sends big battleships forward—*turbine drive!*

Developed by Pennsylvania Railroad research in conjunction with engineering staffs of Westinghouse Electric Corporation and the Baldwin Locomotive Works, this new kind of locomotive power adds extra smoothness in fast runs—and many other notable advantages.

No bigger than your electric refrigerator, the steam turbine itself can produce power to pull the heaviest loads at high speeds. And the engineman controls the whole operation with a single small lever which works like a gear-shift on an automobile!

One of the most important changes in the power principle of the steam locomotive in over 100 years, the turbine drive engine gives promise of a great future in the field of train transportation.

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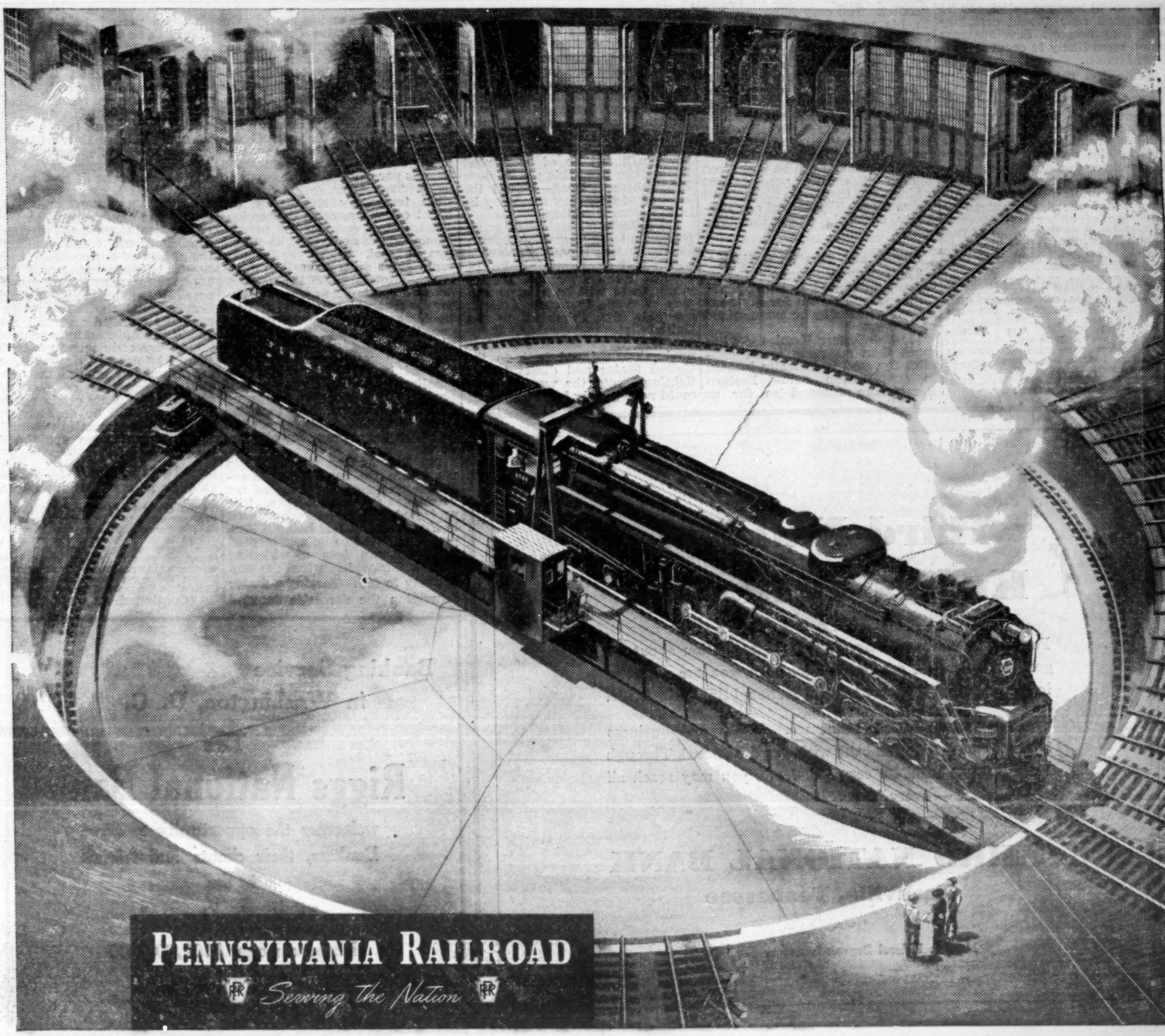


PENNSYLVANIA RAILROAD

Serving the Nation

Oil for America's Future

(Continued from page 1692)

tion's reliance on adequate petroleum supplies and emphasize the importance of their availability.

To aid in understanding the amazing magnitude of the petroleum industry's accomplishment in meeting war demands, consider these facts: America has supplied aviation gasoline at a daily rate **more than a hundred times** as much as at the peak of World War I; and motor gasoline at nearly a 20-fold rate, yet this demand has been met with field crude prices and refinery gasoline prices roughly half what they were 25 years ago!

Long-Range Forecast Difficult

But so much for the past; your Committee is naturally more interested in the future. The proper period of forecast for presentation to this Committee has been the subject of considerable discussion by our industry Committee on Petroleum Requirements.† Obviously we can be much more certain of the outlook for the next five or ten years than we can for the more distant future. On the other hand, we feel that we should attempt to forecast at least 20 years ahead because policies to be established now should certainly take into account developments which seem likely to occur within a generation.

While the petroleum industry has supreme confidence in its ability to meet every demand for petroleum and its products for many, many years, it is understandably reluctant to try to forecast definite detailed figures for two or three decades ahead. Seldom, if ever, has our industry been bold enough to forecast for many years ahead the extent of expansion of either the demand for petroleum or the ability of the industry to supply that demand from domestic sources. The unfortunate experience of our sober and highly regarded U. S. Geological Survey makes any group reluctant to undertake projections except with many reservations—in 1918 the Survey estimated the total crude reserves underlying the country to be around 6,500,000,000 barrels, and most contemporary geoglogists were inclined to concur. Actually we have since that time produced 25 billion barrels and have today proven producible reserves of more than 20 billion barrels, a total already seven times that estimated by the Survey.

Industry Confident, Provided . . .

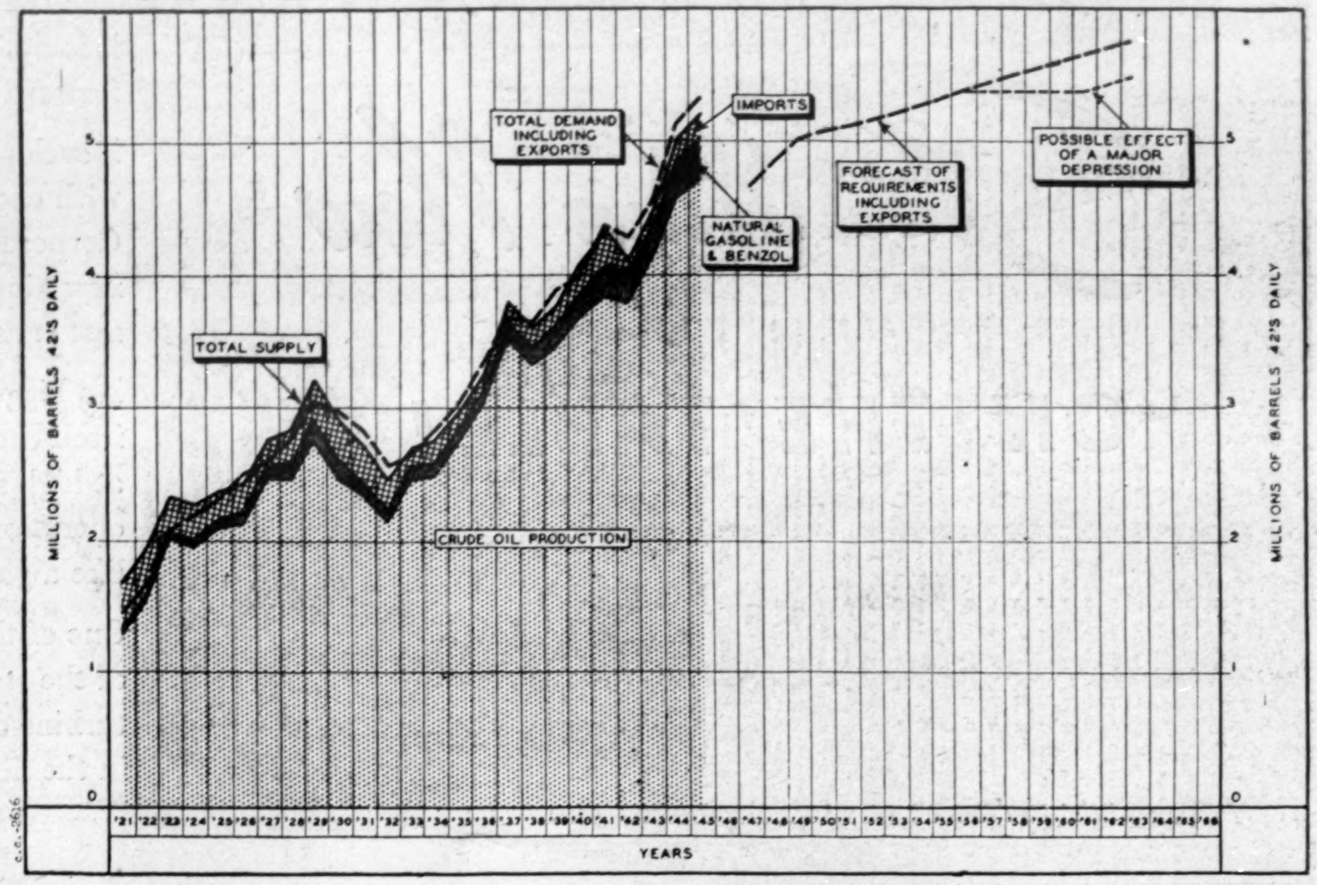
We approach our present forecasting problem in much the same spirit as a well-educated young man about to marry. He does not know for whom he will be working or how much he will earn or just what his financial requirements will be; but he has supreme confidence that, given his health, he will be able to make a good living and give adequate support and protection to his family, though at what precise level the balance will be struck he cannot predict. The only important "if" in his mind is the question of continued health and freedom of opportunity—and that is exactly the feeling of the petroleum industry as it looks ahead into the future. Given a continuation of a legal and economic climate conducive to free competition in discovery, research, development, and distribution, the industry knows a dozen ways in which any possible demand can be met, even though it cannot predict just which of these methods will prove most efficient and economically desirable when the time comes.

Supply and Demand Outlook

The supply and demand picture already presented to you by Mr. Coleman and others **for the next twenty years** may be summarized as follows:

(1) The Eastern Hemisphere has more than adequate crude supplies for, and is logically located to supply, the entire Eastern Hemisphere demand so far as volume is concerned. Roughly speaking, outside of Russia, the Eastern Hemisphere has slightly more than half the world's proven reserves with less than a quarter of the world's prospective demand. While products of unusual quality, as well as various specialties, will probably continue to be exported from the Western Hemisphere, after the next few years such exports will not be of substantial importance in striking a Western Hemisphere balance—indeed the balance of flow may some day be in the other direction.

U. S. SUPPLY AND DEMAND OF CRUDE OIL AND PETROLEUM PRODUCTS



(2) If Eastern Hemisphere crude production does come to largely supply Eastern Hemisphere needs, which will most certainly be the general trend over the coming years, there will be a large surplus of crude in South America available for shipment to the United States and Canada. Without this large South American production, shipped both to the United States and direct to the fighting fronts, the war demands could not possibly have been met.

(3) With the end of the war the total United States demand, especially for gasoline, will drop rather sharply from wartime levels. However, except for possible continuing strike difficulties in the oil, motor or tire industries, the postwar **gasoline** demand will probably pass its minimum by next spring and the **overall** demand by next summer with a 1946 average around 1,000,000 barrels per day below the wartime peak. Thereafter, except for possible temporary slumps in the event of an economic depression, the trend of demand for petroleum products appears to be steadily upward, with particularly rapid gains during the first three years. However, unless military demand continues as a major factor for several years, total domestic demand will probably not exceed the wartime peak of domestic plus military export demand for about ten years. The postwar rate of increase in demand for gasoline and distillate fuels will probably be somewhat greater than the average, and that for heavy residual fuels somewhat less than the average for all products.

(4) The further we look into the future, the harder it is to estimate accurately the demand for petroleum and its products. The projected demand curve presented in Fig 1,‡ instead of being a line, probably ought to be represented as developing into a widening band within which actual demand is likely to fall. Barring a major depression the domestic demand for the period 1961-65 appears likely to be about 750,000 barrels a day above the 1944 level of domestic plus export demand, or nearly two million barrels per day above 1939 levels.

(5) The future rates of production of crude oil in the United States are difficult to predict with accuracy because they will depend on many variables, such as price, good or bad fortune in discovery, the development of new methods of finding oil, government policy regarding taxation and public lands, etc. In general, however, it appears that under favorable conditions for crude production the ability of our domestic industry to produce crude will probably for the next five years—and possibly for the next ten years—nearly equal the lower range of probable demand and will make possible a substantially self-contained domestic industry, if that should be deemed desirable. On the other hand, under a less favorable combination of conditions affecting domestic crude production there will be an increasing gap between domestic production of crude petroleum and the domestic demand for petroleum products. It is conceivable (though in my opinion not prob-

(Continued on page 1716)

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†Robert E. Wilson, Chairman; Joseph E. Pogue, Chase National Bank; Stewart P. Coleman, Standard Oil Company (New Jersey); J. French Robinson, American Gas Association; H. J. Struth, Texas Mid-Continent Oil & Gas Association; James V. Brown, Independent Petroleum Association of America; E. Buddrus, Independent Natural Gas Association; Earl W. Wagy, Standard Oil Company of California; Fred Van Covern, American Petroleum Institute.

‡The demand estimates and this figure were prepared by the committee in June on the assumption that the war would end in 1946. In view of the earlier V-J date the whole curve could probably be moved one year to the left, but it seemed unnecessary to reconvene the committee or redraw the curve since my testimony is directed to the more distant future.

Third National Knows Tennessee

For both Tennessee collections and information about the growing industrial empire of Tennessee, you are cordially invited to get in touch with Third National Bank, Nashville.

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"I'm a Rolling Stone that really Settled Down"—

Reading time: 1 minute, 58 seconds

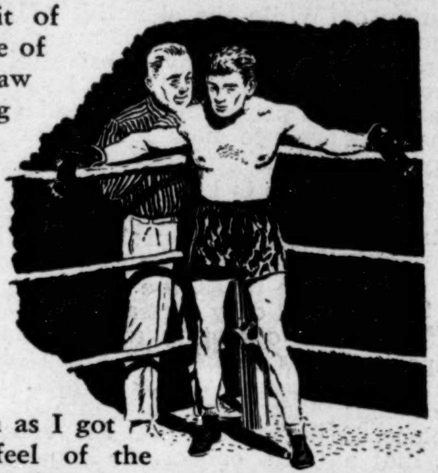
"THERE WERE eleven hungry kids in our family when I left the farm. Mother cried, Dad gave me a five dollar bill, the rest of the kids hollered goodbye as the train pulled out of the station.

"I'll never forget that first night in the big city. I sat on the edge of my bed and felt pretty homesick. The landlady had said she'd trust me for one week's board. So, tomorrow I must get a job.

"After two days of despair I saw some lights in a little shop near the rooming house. I went over. Some men were fixing a boiler. I was scared, but I asked the boss for a job. I couldn't believe my ears when he said. 'We need a handy man, come around tomorrow.' I came around alright, and I stayed ten months.

"I got to be quite a machinist. I moved into a lot of different jobs for many years. I traveled all over the Middle West. I liked to be on the move. The biggest thrill I got was doing some work for the famous Wright brothers in their little Dayton machine shop where they were building their first airplanes. People thought they were crazy, but they didn't seem so to me.

"My sideline in those days was boxing. I saved quite a bit of prize money. On one of my trips to Detroit I saw the town was beginning to boom and that automobiles had come to stay. I decided to stay too. I got a job in a big automobile plant and thought about getting married and settling down.



GOOD
USED CARS

"As soon as I got the feel of the automobile business I wanted to get in it for myself. I quit boxing, got married, and on the side I bought some used cars. I fixed them, cleaned them and sold them fast. I liked handling cars. I quit my other job, and in a single year sold 420 used cars. I was settling down alright, I was a family man. I was in business.

CHRYSLER APPROVED SERVICE PLYMOUTH

"Then Mr. Chrysler brought out his marvelous new car. Boy, did I like that car. And Mr. Chrysler was looking for dealers too. My machinist training and my car experience now came in mighty handy. Instead of used cars, I now bought and sold those beautiful new Chryslers, and then Plymouths. Except for the war that's what I've been doing ever since. The future is even brighter than the past for Chrysler-Plymouth dealers. I'm sure glad I'm one of them."

• • •

THIS is another true story from the records of the Chrysler Corporation, a story of individual initiative and enterprise in a free country. When the war came this distinguished Chrysler dealer converted a large portion of his fine establishment to the needs of war production. Now that the war is over he is ready to sell new Chrysler-Plymouth cars again, with thousands of friends and a fine record backing him up.

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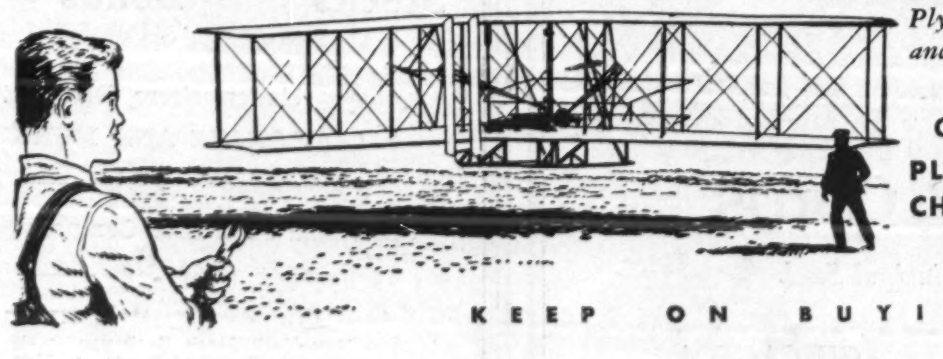

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Oil for America's Future

(Continued from page 1714)

able) that, under a combination of high demand and low production, this gap between our domestic production and our domestic demand might exceed a million barrels per day during the last five years of the twenty years which we are considering.

Many Ways to Meet Demand

The question, to which I am sure the Committee wishes me to address myself, is; Assuming such a combination of circumstances, how will the industry meet this difference between a possible adverse domestic crude supply situation and a possible strong domestic demand amounting, as I have indicated, to as much as a million or more barrels per day by 1965? The only **definite** answer I can give is that **I do not know.** But I **do** know that there are many possible ways in which it can be met, assuming only the essential freedom and continued health of the petroleum industry. Which method or combination of methods will best meet the deficiency, if it actually appears, will depend upon changing economic conditions and quite probably on new discoveries and technologies of which we do not today even dream, any more than we dreamed 25 years ago that we could make gasoline from coal or nautral gas at reasonable costs.

Free Prices Could Balance Supply and Demand

Before discussing the important technological factors, let us consider some of the more obvious possibilities. In the first place, if it were deemed important that a balance be achieved within this country between domestic supply and domestic demand, the automatic working of the price factor could readily remove the entire discrepancy if allowed to operate freely. Petroleum supply is, over a period of time, highly sensitive to price, because price has a strongly stimulating effect on exploration, wildcat drilling, the development of remote fields, and methods of secondary recovery. The combined effect of these and related factors over a period of a few years can make a tremendous difference in the amount of oil which this country can produce. In addition, any substantial increase in the price of products would have a depressing effect on consumption, especially if the prospect were for a continued, even though moderate, upward trend.

As an example of what would happen in almost every field of petroleum demand, consider the sharp increase in home insulation and other means of reducing fuel oil consumption which has taken place as the result of the wartime shortage of domestic heating oil. In my opinion, a majority of the homes which have burned fuel oil in the past will burn less oil postwar than prewar, because of improvements in home insulation, burner or boiler efficiency, and other factors tending to conserve heat; and such effects would become more prominent if there were to be any substantial increase in the price of heating oils. While the cleanliness, labor saving, and convenience of oil would prevent any substantial shifting back to coal, any large increase in price would undoubtedly tend to reduce new oil burner installations.

As to gasoline consumption, the immediate effect of an increasing price would probably not be great. Even with our present high gasoline taxes, the cost of gasoline is still only a small part of the cost of operating a car. Mainly for this reason, the much higher efficiency which the petroleum industry has built into its gasoline during the past 20 years has not been converted into much increased mileage per gallon, but has gone to meet public demand for larger cars, flashier performance, and higher top speeds. However, the continuance for any considerable period of substantially higher gasoline prices would undoubtedly have its effect in bringing about more emphasis on economic performance of automobiles. Even without higher prices, the wider use of automatic gear shifts and the probable trend toward lighter and more streamlined cars will have a tendency to convert more of the increased gasoline efficiency into better future economy.

The effects which increasing price and improving technology are likely to have on the production and consumption of heavy fuel oil are complicated, but will serve as an interesting illustration of industry economics. The new processes for catalytic cracking, whose aggregate installed capacity has already reached 60% of our prewar thermal cracking capacity, characteristically produce more gasoline and distillate fuel, and much less heavy residual fuel oil, than does thermal cracking. These processes will be increasingly adopted as thermal cracking plants wear out, and since they give higher yields of the more valuable products their adoption would be stimulated by rising crude prices. Heavy fuel oil postwar will no longer be a major and inevitable by-product of petroleum refining, forced to find a market in close price competition with coal even in large installations. Its price is therefore likely to go up somewhat more rapidly than that of crude. On the other hand, even without larger imports, adequate supplies would undoubtedly be available for ships' bunkers and for moderate sized installations where oil's efficiency, cleanliness, and labor saving are sufficient to justify a reasonable premium over coal.

But at What Price?

While we can be certain that rising prices **could** achieve a balance between domestic production and domestic demand for at least 20 years ahead, we cannot be certain just what price might be necessary to achieve this balance. If the cost of finding oil should increase anything like as rapidly over the next 20 years as it has during the last decade, the increase in price necessary to achieve such a balance might prove to be undesirably large and tend to penalize American industry, shipping, and individual consumers in comparison with the rest of the world. Also, too sharp a reduction in the peacetime production and consumption of heavy fuel oil would also be hazardous in view of the vital importance to the Navy of having large quantities of such fuel available in wartime. Again we note that the existence of a vigorous industry with widespread distribution operations is a military necessity.

It seems clear from the foregoing that while free prices could assure a balance of domestic supply and demand for at least a generation ahead, the price required to achieve such a balance might well prove excessive, and that other alternatives must be considered.

Imports Could Balance Demand

The second obvious way in which a balance can be achieved between supply and demand is, of course, by importation of sufficient crude and/or products to achieve such a balance. Since South America has been exporting to the United States and the Eastern Hemisphere during most of 1945 around 700,000 barrels per day on the average, and even then drawing on its reserves at a lower percentage rate than the United States has been, there should be no difficulty in importing enough crude, mainly or entirely from Western Hemisphere sources, to meet a possible 1960-65 deficiency of around a million barrels per day. Such partial reliance on sources outside the United States may appear unsafe in view of the possibility of another national emergency. During the early part of the present emergency there were many months when enemy submarine activity made it almost impossible to get oil from South America to the United States. On the other hand, if we have the wisdom to maintain our new Caribbean bases and an adequate Navy, there should be little possibility of any such future debacle. As a matter of fact, any reasonable plan for future national security must consider the protection of the Western Hemisphere as a whole, and of the lines of communication between North and South America which are essential for so many of our raw materials.

Fortunately, for reasons previously pointed out, most of the imports needed to balance domestic demand and protect possible Naval requirements are likely to consist of heavy fuel oil and heavy crudes, both of which are readily available in South America, and would have a minimum effect on the domestic crude market.

Sound Import Policy Essential

This last point puts a finger on the most serious problem in handling the question of importation. In view of the current low discovery costs, and the very high production per well characteristic of many foreign fields, heavy importation of crude at little or no duty could result in a price depression which would have disastrous results on our domestic producing industry and most of our domestic refining operations. If America is to be strong and ready to meet any emergency, we must keep exploration, wildcatting, and development of new fields, at a reasonably high level and must encourage the continued installation of new and better refining equipment in our domestic refineries. It is fortunate that we can, and proper that we should, use imports to make up the difference between domestic demand and our ability to produce at reasonable costs, but such action should not be carried to a point which will ever allow us to become mainly dependent on sources outside the country for our vitally essential supplies of liquid fuel. Furthermore, depressed prices due to unrestricted importation would discourage continued technological advances in the making of petroleum from natural gas, coal and oil shale, which are likely to be our principal ultimate sources of petroleum products.

To my mind the only sound answer to this difficult probem is an import policy which will permit the needs of industry and individual consumers to be met at reasonable prices, and yet not flood the market or keep prices at a level which would discourage an adequate amount of exploration, wildcatting, and secondary recovery activities in this country. I have shown the vital importance of a healthy domestic industry, and such activities are the best measure of its underlying health.

Developing the details of a sound import policy to accomplish these results will not be a simple task, but the general objectives are so clear that I believe the entire industry as well as the well-informed consumers can unite in agreeing to their desirability. The fact that the most probable imports from South America will consist of relatively heavy crude and fuel oil will tend to take care of our most probable shortages with a minimum of repercussion on the domestic industry.

Synthetic Gasoline From Gas

However, increases in price or increases in imports are by no means the only way in which a possible shortage could be met. We already know how to make gasoline from natural gas by the Fischer or Synthol process at costs similar to present costs, and by devoting only one third of the present proven reserves of natural gas to this type of operation and producing them at a rate of four percent of such reserves per annum, it would be possible to produce around 500,000 barrels per day of gasoline, or about

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thirty percent of our prewar gasoline consumption. Similar processes could alternatively produce high quality Diesel fuel and wax, and would yield large amounts of important chemicals as by- products.

Other Synthetic Possibilities

Beyond the above possibilities, which could, if desired, be put into large-scale operation within the next year, technologists have developed several other processes which can, if necessary, supply our liquid fuel needs for many generations to come. I do not believe these other processes will play any large role for the next few decades, but they are important both as showing that the industry realizes the importance of maintaining a liquid fuel supply far into the future, and that it has also actually done something about it in the way of research and development.

After the last war, oil shale was the only major reserve to which we could look in the event of posible exhaustion of petroleum. During the past twenty-five years, however, technology has developed not only the above mentioned methods of making gasoline and Diesel fuel from natural gas, but also two processes for making gasoline and other liquid fuels from coal, of which our reserves are virtually inexhaustible.

The first process developed, that of hydrogenation, can be employed to make gasoline from low grade coals on a large scale at refinery cost 10 to 15 cents per gallon above present gasoline costs. It was Germany's mainstay during World War II until our air force really got to work on it.

The other process, the Fischer process as applied to coal, initially appeared to involve costs almost as high as those for hydrogenation, and suffered from the fact that it had to start with high quality coking coal and produced gasoline of poor quality. Both of these drawbacks have been overcome as the result of research during recent years. Given just a few years of further research and development, this Fischer type of process can be operated on sub-bituminous coals and lignites, of which our domestic supplies are enormous, to produce good quality gasoline and Diesel fuel at costs not more than 5 or 6 cents per gallon above present costs! This possibility eliminates even a remote danger of petroleum shortage. The gasification step of this process can also make a high quality fuel gas as a substitute for natural gas.

Government Research Program

While technologists in Great Britain and Germany have already operated these processes on a commercial basis, considerable research remains to be done to make large-scale operations efficient and economical under American conditions and on American raw materials. Since the industry regards this as a very long range alternative, it is not likely to spend the large sums required for large-scale pilot plants or semicommercial units. The Bureau of Mines program of research and development along these lines therefore seems to me to be sound, though the industry opinion on this point is divided. I do urge, however, that the building of semicommercial units should be postponed until much more research and pilot-plant work has been done. Large semicommercial units are very expensive and cumbersome to operate and quickly become obsolete as research continues. They should not be built until commercialization of the process appears reasonably imminent.

Oil Shales and Tar Sands

Still other possibilities for the long-range future are oil from oil shale, of which there are large deposits in the western states, and oil from tar sands, of which there are tremendous deposits in Canada. For supplying areas where transportation costs are favorable, both of these may come into use at about the same time the coal processes do, but both the location and the size of the coal and lignite deposits are such as to make them appear to be the most likely major sources of petroleum if and when crude petroleum becomes scarce.

Technology May Find Other Sources

While our coal deposits could supply us with abundant liquid fuel for more than a thousand years, it is quite possible that even before our petroleum deposits are exhausted, and certainly before we use up much of our coal, still other and cheaper sources of power will be developed. Our technologists have not lost their magic touch. They are hard at work in many fields and no man can tell what the next 25 years will bring forth.

Atomic Power

I am glad that this testimony was postponed from last July because I had been officially requested to omit even passing mention of atomic power as one of the technical possibilities for the future. While its practical application must be preceded by much expensive research and development, and the economics might never justify the building of new plants to make the raw materials for atomic power, it seems quite possible that the next decade may see commercial applications of power development in large units from raw materials made in our present plants, God granting that they be not needed for military purposes. In such large units the necessary control equipment and heavy protective devices to shield the operators from the various radiations could probably be installed without disproportionate cost. I do not believe there is a reasonable probability of atomic power ever being used to run automobiles, though no scientist would say such a thing was impossible, especially after noting the amazing achievements of science during the war.

In any case the possibility of atomic energy becoming an important source of power certainly cannot be disregarded. It is one more reason why we should not insist on a sharply limited use of existing resources when the rapid pace of technical development might conceivably make such resources less needed in the future than they are today.

Technology Our Real Reserve

To summarize, the one point I want to emphasize to this Committee is that our most important reserve does not consist of the number of barrels of oil that we can point to in the ground, but rather of research and technology supported by a healthy and vigorous industry. Technology is the indispensable finder, developer, and multiplier of our natural resources, and given a fair chance will accomplish even more in the future than it has in the past. The most essential element of national oil policy is to leave the industry free to develop on a tried and proven basis, and to shun the adoption of measures which would attempt to regiment research, destroy the incentives to invention, or prevent the free play of competitive enterprise.

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Present World Trade Problems

(Continued from first page)

on the impressions gathered during this portion of my trip.

The London Meeting

The Council of the International Chamber met in London on the 16th and 17th of August. Despite current difficulties in transportation, business leaders from 24 nations attended the meetings.

Delegates came from China, India, Western Europe, and the Western Hemisphere. The delegates from Western Europe included those from the liberated nations of Belgium, Czechoslovakia, Denmark, France, Greece, the Netherlands and Norway, all of whom were most anxious that the International Chamber should vigorously renew its functions in order to promote the expansion of international trade and to give strength to the forces of private enterprise within their respective countries.

As it happened, the Council meetings coincided with the end of the Japanese war. While this could not have been foreseen at the time that the sessions were scheduled, it did confirm the wisdom of the decision of the International Business Conference at Rye, New York, last November to reactivate the International Chamber. At that time, I agreed to accept the Presidency because of my conviction that the International Chamber presents the greatest opportunity available to private enterprise to play an important part in the rebuilding of the world.

The basis of the ogranization of the International Chamber is the National Committees existing in the member nations and it was these National Committees that were represented at the London meetings.

The Council is in effect the governing body of the Chamber. The National Committees, representing the private economic forces of each nation, are composed of representatives of financial, industrial and commercial organizations. They serve as the link between the Chamber and the domestic business community and transmit the recommendations of the Chamber to their respective governments. The effectiveness of the Chamber depends upon the extent to which National Committees exist in the various nations of the world and the extent to which the National Committees in individual nations are widely representative of business interests and possess vigor and vitality. The Chamber thus has the twofold problem of fostering the organization of National Committees in those nations where they do not now exist, particularly in Latin America, and of endeavoring to see to it that the National Committees in each nation are widely representative of business interests and are vigorous in participating in the formulation of the policies of the Chamber and of supporting the policies thus formulated.

As new National Committees are organized in those countries where they do not now exist and as existing Committees are envigorated, wherever this may be required, the Chamber will increase its effectiveness and its ability to participate in the solution of international economic problems.

The meetings of the Council were devoted to problems concerned with the reorganization of the Chamber, with the submission of special reports prepared by different individuals and committees, with the drafting of resolutions embodying the attitude of the Council on current questions and with the formulation of the future program of the Chamber. The special reports presented to the Council had to do with the expansion of private enterprise, with the drafting of a code of international commercial conduct, with the problems involved in the transition from a war to a peace economy and in the encouragement and protection of international investment.

Besides listening to and commenting upon these special reports, the Council adopted a number of resolutions which reflect the present attitude of the International Chamber. In the first place, the Council reaffirmed the purposes of the Chamber as embodied in the constitution adopted in 1920. A re-examination of the fundamental purposes of the Chamber was considered necessary in view of the fact that about six years had elapsed since the last meeting of the Council.

The early objectives were reaffirmed, which were to promote better understanding between business men and organizations in various countries, to give expression to business opinion on international affairs, to promote peace among nations and to further an expanding volume of international trade. The Council agreed that the citizens of the free nations brought together in common struggle and suffering must be kept together in the rebuilding of the world.

In line with this thought, the Council expressed the desire that all members of the United Nations' world security organization participate in the International Chamber through representatives of their respective financial, industrial and trading groups. The motion was adopted that, whenever National Committees were organized in states exercising ownership over trading or industrial organizations, representatives of such organizations should be drawn from the operating executives of the businesses concerned. In other words, the representatives are not to be drawn from the political sphere but from among the actual operating personnel. The reason for the motion was that the Chamber, composed of business men, cannot function on a political level. That is the proper sphere of governments, not of business.

The International Chamber recognizes that one of the most difficult problems in the postwar period will be the matter of economic and trade relations between free and controlled economies, and it plans to devote attention to this particular problem. The Chamber hopes to widen the area within which free economic enterprise functions. This area will be increased as private enterprise gives proof if its superiority over state-controlled enterprise. In particular, the area of free enterprise will widen as the United States demonstrates to the world the vigor, vitality and staying power of the private enterprise system and as it is able to avoid runaway booms and to prevent subsequent deep depressions.

Avoid Boom and Depression

It is of particular importance that the United States avoid boom and depression. There is a body of opinion, particularly prevalent in England, which holds that the United States, perhaps by reason of the temperament of its people, is subject to business fluctuations of an exaggerated character. We must prove to the world that we can exercise the restraint necessary to avoid an inflationary boom during the forthcoming "catching-up" period, which would eventually end in deep depression to the detriment of ourselves and the rest of the world.

The economic power of the United States in the world economy is so great that we must endeavor to exercise a stabilizing influence. We must make every effort to avoid those erratic fluctuations which would make us a bad economic neighbor.

In order to widen the area within which free enterprise functions, the Council recommended that nations relinquish, as soon as possible, wartime restrictions and controls over production, transportation and travel. The membership of the International Chamber gives support to private enterprise because it is convinced that the private enterprise system is not only the best means but the only means of establishing world trade on a multilateral basis and thereby of raising world trade and production to the greatest possible levels.

Private enterprise is the only framework within which multilateral trade can function. Widespread state enterprise and state controls lead to bilateralism in trade. As was so often demonstrated in the decade of the 'Thirties, bilateralism inevitably leads to the exploitation of weak by strong nations, diverts international trade from productive channels and results in unrestrained economic warfare.

Bilateralism is the road to war; multilateralism is the only sure basis of peace.

An Economic Agreement Between U. S. and Britain

To widen the area of unrestricted world trade, the Council of the International Chamber endorsed the holding at the earliest possible date of an international economic conference the purpose of which is to lay the basis for the removal of trade barriers and controls. It was, of course, fully recognized in London that the success of such a conference, of necessity, rested upon a prior economic agreement between England and the United States. The basic need for such an agreement has in the past been given continuous emphasis by those of us who were critical of the Bretton Woods monetary proposal. One of the reasons for our opposition to that proposal was that it not only did not solve, but that it diverted our attention from the necessity of solving the British external financial problem which is the key to **any** solution of the problems of an international trade or monetary character which now beset the world.

A month ago, in London, I reiterated the plea I made in Chicago in September, 1944, that the United States stand ready to grant England the financial aid she requires to reconvert her economy from a war to a peace basis.

We have a moral obligation to grant such aid for the reason that England, under the lend-lease arrangements, converted her economy to a war basis to the fullest possible extent. England mobilized her own human power for war purposes as did no other belligerent nation. The problems with which England is now confronted result from this fact—problems which have been brought into sharp focus by the termination of lend-lease.

The aid we extend might be considered in the nature of retroactive lend-lease. Had our Lend-Lease Act, which was adopted on March 11, 1941, been enacted earlier, England would not have had to liquidate such a large volume of her foreign investments or to dip so heavily into her gold resources as was actually the case.

My belief, however, that we should render financial aid to England is based not only upon this moral ground, but upon the firm conviction that the restoration of multilateral trade in great volume is essential to the economic wellbeing of ourselves, of England and of all the other members of the British Commonwealth of nations.

It is for this reason that such assistance should only be given as part of a global agreement between the United States, England

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and the other members of the British Commonwealth of nations to join in and give hearty support to a system of multilateral trade. The British Commonwealth should agree to do away with exchange controls on current account and to give up the so-called sterling area. Those parts of the sterling area which are wartime creditors of England should agree to effect a drastic reduction in their sterling claims. The British Commonwealth should be prepared to relinquish the system of imperial preferences and to eliminate quantitative trade controls. Both the British Commonwealth and the United States should stand ready to make substantial reductions in import duties, and the United States should be prepared to eliminate export subsidies.

A common agreement, along the lines suggested, would be of immense mutual advantage not only to ourselves and to the British Commonwealth of nations, but to all those areas of the world in which private enterprise predominates. Areas of multilateralism would be greatly extended and the forces of private enterprise would be strengthened.

Without the extension of financial aid on our part and reciprocal concessions by England and the other members of the British Commonwealth of nations, the British people will be forced into bilateralism, and a trade war between the United States and the British Commonwealth will inevitably ensue, which under present world conditions might well be disastrous. In consequence, this proposal, looking towards the adoption of multilateral trade by the United States and the British Commonwealth, is of direct interest not only to every exporter and importer but to every citizen of our nation.

The Economic and Social Council

An additional resolution adopted at the London Council meetings commended the decision of the United Nations to form the Economic and Social Council as an important integral part of the world security organization. The Council of the International Chamber expressed the hope that this body would have real authority to deal effectively with the difficult international economic problems which face all nations.

M. Georges Theunis, Chairman of the Belgian National Committee, requested the President of the International Chamber to make contact with the Economic and Social Council in order to promote permanent co-operative arrangements between the two organizations and urged that each National Committee call to the attention of its respective government the importance of such cooperation. The Council of the International Chamber adopted a motion calling for the appointment of a Committee on Relations with the Economic and Social Council, to study the best method of collaboration and to submit its findings at the earliest possible moment.

Future Work of ICC

As one of the final acts of the London Council Meeting, Mr. Philip D. Reed, Chairman of the Commission on the Program, presented a report on the future work to be undertaken by the International Chamber. Mr. Reed's report, which was approved by the Council, proposed that the International Chamber study, insofar as time and resources permitted, such topics as the problems of the transition period, the relations between free and state controlled economies, the question of maximizing employment, problems of monetary and commercial policy, questions relating to international long-term investment and taxation, and many kindred matters. The study groups appointed to investigate these problems will, as far as possible, present their reports either at the next Session of the Council to be held in Rio de Janeiro in the Spring of 1946 or at the Congress of the International Chamber to be held in 1947. The work of the study groups is to be co-ordinated by an over-all Steering Committee.

Reconstruction of Europe

An additional problem of primary importance, which must receive the immediate attention of the International Chamber, is the matter of economic reconstruction on the continent of Europe. Following the Council meetings, my associates and I made a survey of economic conditions in Western Europe. From what we were able to observe personally and from what we learned in the course of conversations with persons in a position to be informed, we were convinced that our allies in Western Europe have made and are making substantial economic progress. The primary needs of such countries as Belgium, France and Holland, in the order of importance of such needs at the present moment, are more coal, better transportation, and additional food, shelter and clothing. They face perfectly stupendous problems but on the whole they face them with resolution and courage. Definite and tangible progress has been made towards economic reconstruction and, while there will be much suffering among our Western European allies this winter, I feel confident that conditions of life have shown marked improvement.

Far different is the situation in Germany. General Eisenhower's first monthly report concerning conditions there, which he, as Military Governor of the United States occupation zone, submitted to the Joint Chiefs of Staff pictures Germany as a nation utterly bankrupt economically and intellectually, and threatened by inflation and famine. This description confirms our own observations. If widespread famine prevails in Germany this winter and if her economy is permitted to disintegrate into a chaotic state, the rest of Europe will be affected immediately and drastically. Germany was such an important part of Europe economically that, if she sinks into economic ruin, the task of general economic reconstruction will prove infinitely more difficult. The economic problems of Germany concern not only Germany but the whole of Western Europe. The question which confronts us is not what to do with Germany, considered by itself, but what to do with Germany in relation to European economic needs and requirements.

The economic disintegration of Germany has resulted in part from the lack of a far-reaching and constructive program on the part of the United Nations and in part from the division of Germany, into the four zones of occupation. As General Eisenhower pointed out in his report, the mere exist-

(Continued on page 1720)

[THE BANKS ARE READY . . . *No. 4 of a Series*]

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Present World Trade Problems

(Continued from page 1719)

ence of the four zones has caused a serious interruption of economic activities, an interruption which is all the more serious because the German economy was characterized by a high degree of integration and centralization.

Unless quadripartite agreements can be reached in accordance with the principles set forth in the Potsdam Declaration, the economic reconstruction of Germany will be held in abeyance. Coordinated decisions concerning reparations and even the restitution of stolen property will prove impossible. Unfortunately, the deadlock reached by the London meeting of the Council of Foreign Ministers, itself established under the Potsdam Declaration, does not augur well for a co-ordinated economic policy for Germany. Basic to a unified economic policy is full knowledge of developments in each zone of occupation. All too little is known of developments east of the Oder or along the Danube.

The economic problems involved in the reconstruction of central Europe should receive the immediate attention of the International Chamber. The problem, as General Eisenhower points out, is not that of restraining resurgent German business but of building up industrial, transport and communication facilities essential to sustain life in Germany and to support the economies of other European nations. There is, and should be no intent to build up Germany to the detriment of our allies. The point to be emphasized is that Germany cannot remain an economic slum without somewhat similar conditions prevailing in neighboring nations. On the other hand, we must be alert to see to it that, in concentrating on this problem, our activities do not lead us to neglect the problems of our allies in Western Europe, who are themselves making every endeavor to reconstruct their economies.

The United States has a very definite responsibility for active participation in the economic reconstruction of Europe. Our responsibility to our European allies did not terminate with the end of the war. On the contrary, the economic conditions resulting from the war are such that we cannot withdraw our assistance to them. We must be prepared to devote our best efforts in aiding in the solution of the tremendously difficult problems with which they are faced.

Those who attended the London Session of the Council were of the opinion that it had successfully served its purpose of reactivating the International Chamber. The business men who came together freely exchanged points of view and through such interchange of opinion were able to formulate and endorse a program of future action.

In the interwar period, the International Chamber was able to exert great influence on national and international policy. It played a significant role in the World Economic Conference held in 1927 and in the deliberations of the various committees of the League of Nations. It is expected that the Chamber will, in the postwar period, play a similarly important role. Its principal objective is the expansion of world trade, in short, the implementation of Article IV of the Atlantic Charter and of Article VII of the Lend-Lease Agreements. International trade will expand if it is freed from controls and only if it is freed from controls will the resources and the manpower of the world be used most effectively.

The International Chamber regards the goal of expanding international trade based on private enterprise as a cause worthy of the greatest effort. We must not resign ourselves to a fatalistic belief that economic controls are a necessary feature of modern societies. Economic arrangements between nations depend upon man-made policy. They are not the result of certain assumed external forces over which we have no influence. Let us struggle to achieve the type of world we think will best serve the interests of mankind and not take the defeatist attitude that totalitarian controls are inevitable.

ABA Holds 71st Annual Meeting

(Continued from first page)

provisions of the American Bankers Association constitution which vest the council with this responsibility when by reason of the existence of a state of war or other emergency a general convention cannot be held. The election was conducted by a mail ballot.

The nominations were made by the Nominating Committee, consisting of bankers elected by American Bankers Association members in the 49 states. The names were placed on ballots and sent to all members of the Executive Council. These ballots were returned to the national headquarters and counted, and the election was ratified by the Administrative Committee Sept. 28.

Under the same emergency provisions the members of the executive committees of the four divisions of the Association and of the board of control of the State Association Section elected a President, a Vice-President, and successors to those members of the executive committees and board of control whose terms of office were expiring. These elections were likewise by mail ballot. The following were elected to direct the affairs of these divisions and the section for the coming year:

National Bank Division—Norfleet Turner, President, First National Bank, Memphis, Tenn., President; Carl K. Withers, President, Lincoln National Bank, Newark, N. J., Vice-President. Members of Executive Committee: Dunlap C. Clark, President, American National Bank, Kalamazoo, Mich.; J. R. Evans, President, First National Bank, Poughkeepsie, N. Y.; E. G. Otey, President, First National Bank, Bluefield, W. Va., and Fred M. Roberts, President, First National Bank, Kirkland, Wash.

Savings Division—Myron F. Converse, President, Worcester Five Cents Savings Bank, Worcester, Mass., President; Fred F. Spellissy, Vice-President, Market Street National Bank, Philadelphia, Pa., Vice-President. Members of Executive Committee: Mills B. Lane, Jr., First Vice-President, the Citizens and Southern National Bank, Atlanta, Ga.; Rowland R. McElvare, Executive Vice-President, Bank for Savings, New York, N. Y.; A. W. Sands, President, Western State Bank, St. Paul, Minn., and J. A. Terrill, Secretary and Treasurer, New Hempshire Savings Bank, Concord, N. H.

State Bank Division—H. N. Thomson, Vice-President, Farmers and Merchants Bank, Presho, South Dakota, President; James C. Wilson, President, First Bank and Trust Co., Perth Amboy, N. J., Vice-President. Members of Executive Committee: C. E. Bennett, President, Tioga County Savings and Trust Company, Wellsboro, Pa.; Robert C. Clark, President, Bellows Falls Trust Company, Bellows Falls, Vt.; John S. Coleman, President, Birmingham Trust & Savings Company, Birmingham, Ala., and Henry E. Schaefer, Vice-President and Manager, Fourth and Union Branch, Seattle Trust and Savings Bank, Seattle, Wash.

Trust Division—James W. Allison, Vice-President, Equitable Trust Company, Wilmington, Del., President; Evans Woollen, Jr., President, Fletcher Trust Company, Indianapolis, Ind., Vice-President. Members of Executive Committee: John H. Evans, Vice-President and Trust Officer, McDowell National Bank, Sharon, Pa.; N. Baxter Maddox, Vice-President and Trust Officer, the First National Bank, Atlanta, Ga.; John W. Remington, Vice-President and Trust Officer, Lincoln-Rochester Trust Company, Rochester, N. Y.; Leo A. Steinhardt, President, International Trust Company, Denver, Colo., and B. Magruder Wingfield, Vice-President and Trust Officer, the National Bank of Commerce, Houston, Texas.

State Association Section—Ray O. Brundage, Executive Manager, Michigan Bankers Association, Lansing, Mich., President; J. Carlisle Rogers, Vice-President, First National Bank, Leesburg, Fla., Vice-President. Members of Executive Committee: Paul W. Albright, General Secretary, Savings Banks Association of the State of New York, New York City; Harry C. Hausman, Secretary, Illinois Bankers Association, Chicago, Ill., and G. Harold Welch, Vice-President and Trust Officer, the New Haven Bank N.B.A., New Haven, Conn.

The "Chronicle," following its usual practice, publishes elsewhere the addresses of the retiring and the incoming Presidents of the Association, together with the reports of the principal committees, and regrets that because of the limitations of space it is unable to give them all in this issue.

The American Bankers Association is now composed of 15,563 member banks representing 96.1% of all eligible banks and 99.2% of all bankings resources in the 48 states and District of Columbia, according to the annual report of the Organization Committee made today by its Chairman, Robert L. Dominick, to the Administrative Committee of the Association.

Mr. Dominick, who is also President of the Traders Gate City National Bank, Kansas City, Mo., told the Administrative Committee that the present membership is the highest, percentagewise, in the history of the Association. Besides domestic members, the Association also serves 131 member banks located in territories of the United States such as Alaska and Hawaii, and a few in foreign countries.

He cited as responsible for the record made by the Organization Committee this year the ever growing program of the Association in the interest of smaller or so-called "country banks," the work of new commissions and committees appointed to deal with new problems created by war conditions, and increased activities of the older committees.

DOING MORE

to Serve Home Buyers and Home Owners

Our Home Buyers Institute offers you a wealth of Information and a complete program of Practical Planning and Home Financing. At our Home Buyers Exhibition—open daily during Banking hours—you can see the **newest** in building materials, appliances and labor-saving devices displayed by leading American Manufacturers.

We also offer low cost pay-like-rent mortgages at 4½% to those living in parts of Brooklyn, Queens or Nassau Counties—and Modernization Loans, too! Take advantage now of the free expert services renderd by "The Bank That Serves The Home Owner." Send for free booklet "Looking Ahead." Write or phone TR 5-3200.

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HOME BUYERS EXHIBITION
5th FLOOR

THE DIME SAVINGS BANK of BROOKLYN
FULTON STREET AND DEKALB AVENUE
BROOKLYN 1, NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

CHEMICAL
BANK
&
TRUST COMPANY
Founded 1824
165 Broadway, New York

CONDENSED STATEMENT OF CONDITION
At the close of business, September 30, 1945

ASSETS

Cash and Due from Banks		$223,166,186.58
U. S. Government Obligations, Direct and Fully Guaranteed		735,656,314.68
Bankers' Acceptances and Call Loans		158,349,497.94
State and Municipal Bonds		86,460,728.70
Other Bonds and Investments		53,361,740.74
Loans and Discounts		179,750,142.96
Banking Houses		314,793.50*
Other Real Estate		1,178,576.94*
Mortgages		244,050.86
Credits Granted on Acceptances		514,315.12
Accrued Interest and Accounts Receivable		3,649,426.29
Other Assets		753,408.51
		$1,443,399,182.82

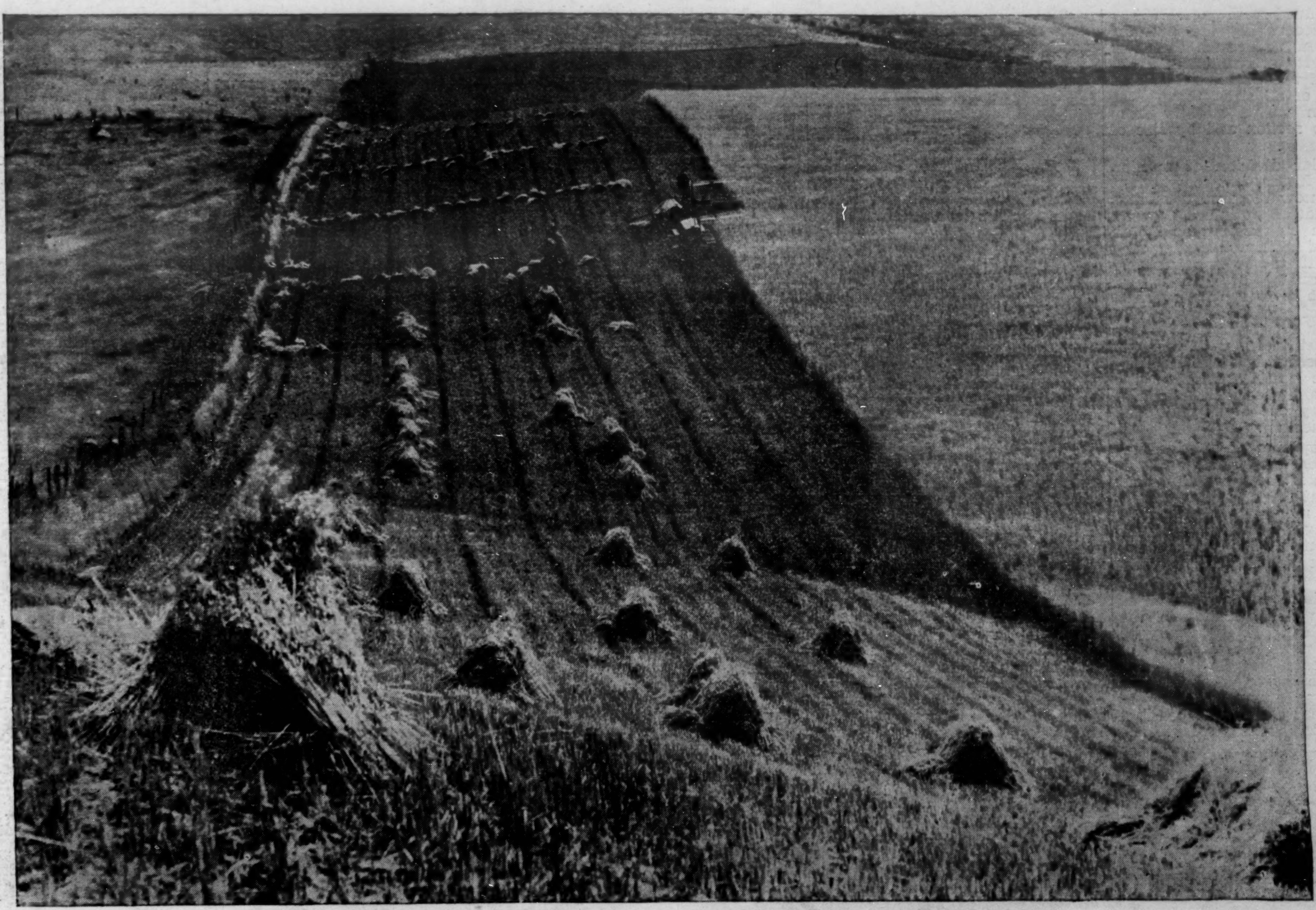
LIABILITIES

Capital Stock	$20,000,000.00	
Surplus	60,000,000.00	
Undivided Profits	13,313,645.74	
Unallocated Reserves	7,170,867.88	100,484,513.62
Reserves for Taxes, Expenses, etc.		5,116,236.42
Dividend Payable October 1, 1945		900,000.00
Acceptances Outstanding	$2,967,246.45	
(Less own acceptances held in portfolio)	2,067,923.20	899,323.25
Other Liabilities		262,180.64
Deposits *(including Official and Certified Checks Outstanding $7,093,755.24)*		1,335,736,928.89
		$1,443,399,182.82

Securities carried at $246,077,354.52 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

*} Assessed Valuation $4,612,152.12

Charter Member New York Clearing House Association
Member Federal Reserve System
Member Federal Deposit Insurance Corporation



Harvest Time

There is a time of planting and a time of harvest.

Now, in this autumnal season, we can see about us the full harvest — so important in the winning of victory. These crops, so carefully planted, were harvested only after they had reached their full maturity.

This planting and harvesting process can be, indeed should be, applied to the purchase and holding of Victory Bonds.

Most Americans have invested their funds in U. S. Government Bonds, earmarking that money for a definite future purpose. To cash them prematurely, is to defeat the objectives for which they were purchased.

When these bonds are cashed to make unnecessary purchases of goods under present conditions, the purchaser gets less for his money and dissipates funds intended for specific uses.

Next time you think of cashing in your bonds — think of the day when you will get your money's worth and *more.* Hold them and remember why you bought them.

☆ THE HOME ☆
Insurance Company
NEW YORK

FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

The Future of Bank Savings Deposits

(Continued from page 1706)

tively encouraging the building up of savings accounts. This was the majority of opinion in every section of the United States and in banks of all sizes, though the proportion varied slightly from section to section and by size of bank.

A similar division of opinion existed with respect to whether, if banks now discourage savings by elimination of interest, or by restriction on amount, or by an attitude of indifference, they may find it difficult or impossible to build up savings accounts if they wish to do so in the future. The majority of opinion in every section of the country and by every size of institution, with two exceptions, is that this will be difficult. The small banks in the southern and western sections of the country are equally divided on this question.

In the opinion of a large majority of bankers, uncertainty of the future is the most important motive that leads people to save. The next most important factor in building up savings accounts in the opinion of those who replied is the lack of goods at present.

While there are a number of bankers in every section of the country who think there may be heavy withdrawls on account of readjustments in the post-war period, the majority of opinion in every section and all sizes of banks except the smallest, is that withdrawals from savings accounts will not be heavy.

The majority of opinion in banks of all sizes is that the extension of coverage of the social security laws will not make it more difficult for banks to secure savings deposits.

This is the most comprehensive survey of savings practices among the commercial banks of the country that has ever been made. The results deserve the careful study, not only of the officers of this Association, but of those of every state association. They point very definitely to many of the emergent problems of the post-war period and should furnish the basis for fruitful and important discussions wherever bankers meet during the ensuing months.

The Committee on Savings Development, in cooperation with the Advertising Department, is developing advertising and publicity for mutual savings banks. Four hundred banks have furnished specific information regarding their advertising requirements and their budgetary allotments for the year ahead.

In order to formulate their savings policy, bank officials must have adequate information on savings operations. The essential information includes a knowledge of costs of operation and the characteristics and behavior of savings accounts. In a period of declining interest rates and high costs of operation, the more intimate the knowledge of costs of operation, the more accurately can savings policies be formulated. The officers of the division have been concerned with the tendency on the part of many banks to reduce interest rates paid on savings accounts without an analysis of the costs involved in the operation of the savings business and without clear knowledge of the earnings on these accounts.

During the past year, the Committee on Savings Management and Operations under the chairmanship of Fred F. Spellissy, Vice-President, Market Street National Bank, Philadelphia, Penna., has revised the forms for making a study of savings costs. These forms have been widely distributed and have stimulated increased interest in this kind of analysis. One of the principal revisions made in the forms is in connection with the allocation of earnings to the savings department.

The cost figures furnished by 52 commercial banks in recent weeks reveal that interest earnings on savings deposits ranged from 1.10% to 3.34%. One of these banks paid no interest to depositors; the others paid all the way from .36% to 2%. The ratio of expense to deposits ranged all the way from .18% to 1.55%. Only one bank showed an actual loss on savings deposits and all the others showed a profit ranging from .04% to 2.18%. The median was .53%. There should be no question that in the vast majority of commercial banks the savings business is a profitable operation.

There is a growing volume of opinion in favor of crediting to earnings from savings accounts a considerable portion of the earnings from long term assets rather than crediting only the over-all "pool" rate of all bank investments. The committee is convinced of the soundness of this point of view and has adopted it in the revised forms.

Very widespread interest is also shown in the analysis of the characteristics and behavior of savings accounts, and an original analysis has been made for several banks during the year under the supervision of the Committee on Savings Management and Operations and in cooperation with the Savings Banks Trust Company of New York. This cooperation is acknowledged with appreciation.

For 20 banks a second analysis was made that provided the basis for comparison in time of the changes in the characteristics and behavior of savings accounts. The results indicate the importance and value of a repetition of the analysis from time to time.

The purpose of these activities is to enable those banks that participate to compete for savings by paying as high an interest rate as can be earned with profit to reward realistically the saver for his exercise of thrift, and to define clearly the procedures involved in the accomplishment of these results.

In an unprecedented measure the government bond market dominates investment policies of banks in connection with both their savings and demand deposits. Declining rates of return on investments have accentuated the problem of securing satisfactory outlets for savings funds at a rate of return that rewards the saver. These trends necessitate a continual refinement of our knowledge of the behavior of investments and of the principles underlying a successful investment policy.

On these problems, the Committee on Investments under the chairmanship of J. Reed Morss, president, Boston Five Cents Savings Bank, Boston, Massachusetts, has been active during the entire year. It has instituted discussions with the National Bureau of Economic Research designed to secure tabulations of materials now in the hands of the bureau that would facilitate the study of the behavior of bonds in the investment market during the present century. The progress made in these discussions justifies considerable hope that means can be devised for securing tabulations from these materials that will resolve many questions about which there is considerable divergence of opinion among the most informed observers of the bond market. The work of the committee has been greatly assisted by the generous co-operation of Mr. William E. Dunkman, chief of the division of research and statistics of the State of New York Banking Department, and Mr. James W. Wooster of New York.

One of the important objectives of this corporate bond project is to develope data which will be helpful in the improvement of the legal lists or the formulation of a better legal framework under which savings banks may invest savings funds.

In addition to investments in bonds, savings funds find a large outlet in real estate mortgages. Bank investments in this type of asset continue at a level of approximately 10 billion dollars. Notwithstanding the cessation of private construction except for war purposes, the volume of mortgage funds flowing into the market has been increasing and is now at the highest point in the last 15 or 20 years.

This volume of funds available has greatly intensified the competition for mortgage loans. The cessation of building, increases in national income, and unprecedented internal migrations of populations have produced pressures of great magnitude on real estate facitities.

These developments have brought a situation in the real estate and mortgage market with which the Committee on Real Estate Mortgages under the chairmanship of Earl B. Schwulst, first vice-president, Bowery Savings Bank, New York City, has been greatly concerned throughout the year. Legislation for the benefit of returning veterans, the rise in price of existing real estate properties, and rising building costs have all been the subject of discussion by the committee during the year. In these discussions the committee has pointed out the increasing uncertainties introduced into the appraisal process and the complications involved in formulating sound lending policies. Legislation and administrative action affecting the mortgage and real estate market have been scrutinized by the committee; and through its chairman, the officers and committees of the Association have been kept informed of the opinions of the committee as these questions arose.

The Committee on Real Estate Mortgages has also initiated a study of methods of servicing the mortgage portfolio and is co-operating with the Department of Research and Mortgage Real Estate Finance of the A. B. A. in the preparation of a bulletin on advances during construction, which is in process of publication.

Extensive distribution and use of the real estate forms suggested in the "Home Mortgage Loan Manual" have been secured during the past year. About 4,000 copies of the "Home Mortgage Loan Manual" have been distributed as well as over 60,000 copies of the real estate forms since these materials were first published.

During the year, the Committee on Federal Legislation, which is identical with one of the subcommittees of the Association's Committee on Federal Legislation, under the chairmanship of A. George Gilman, president, Malden Savings Bank, Malden, Massachusetts, has been in close touch with federal legislation and administrative rulings affecting savings, mortgage lending, and housing. The committee has met a number of times in Washington and has attended hearings. These activities are summarized in the report of the A.B.A. Committee on Federal Legislation.

The greatest thrift movement in the history of our country has been centered in the financing of the war. Out of this effort, three major programs have developed of stupendous scope and significance to thrift. These programs are the sale of E Bonds, the payroll deduction plans, and "Schools at War." Within recent months, the office of the Director of Economic Stabilization has begun a fourth program of an educational character emphasizing the necessity for careful spending and saving in the postwar period.

With all of these programs the Committee on Thrift Education, under the chairmanship of Fred F. Lawrence, treasurer, Maine Savings Bank, Portland, Maine, has been in close touch. It has recognized their potentialities and has been studying the problems involved in the "reconversion" of these programs to the times of peace. It has recognized that there is no easy way in which this transition can be made. Its members are convinced that if ways can be found in which the power of these programs for thrift education can be conserved in the postwar period, enormous progress may be made in preventing inflation, careless spending, and the waste of the resources of our nation.

Banks must play an important part in this reconversion process and in the preservation of the values of these educational programs.

In summary, the year has been an active one for the Savings Division. Its activities have been numerous and all in connection with problems that have tremendous import for the future. The officers of the division have been supported by active and intelligent co-operation on the part of the members of the division and especially the members of its committees. The thanks and appreciation of the officers are hereby recorded.

ALLEN & COMPANY

Established 1922

30 Broad Street New York 4, N. Y.

Borrowings Higher in Month of September

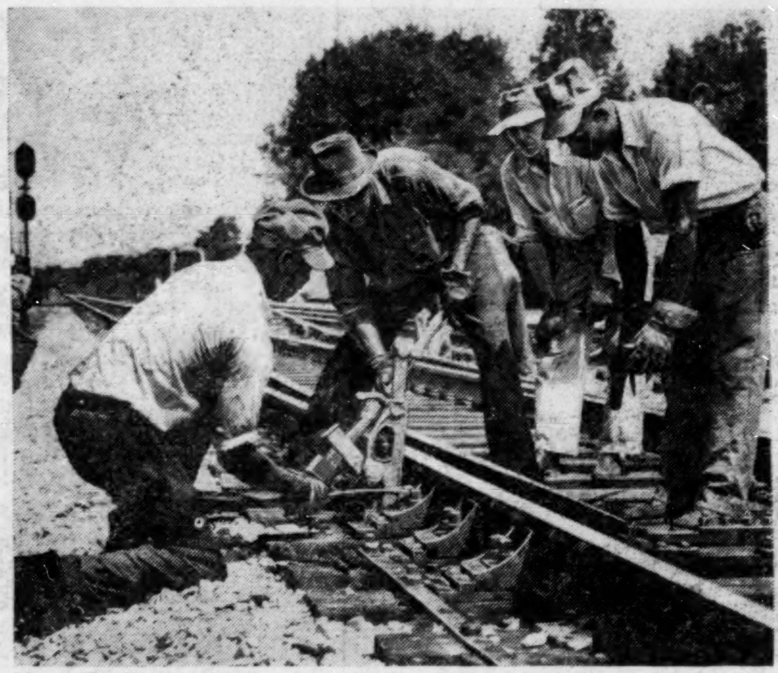
The New York Stock Exchange announced on Oct. 3, that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Sept. 29 was $947,256,180, an increase of $294.658 over the Aug. 31 total of $946,961,522. The following is the Stock Exchange announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges, (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $349,844,174; (2) on all other collateral, $597,412,006; reported by New York Stock Exchange member firms as of the close of business Sept. 29, 1945 aggregated, $947,256,180.

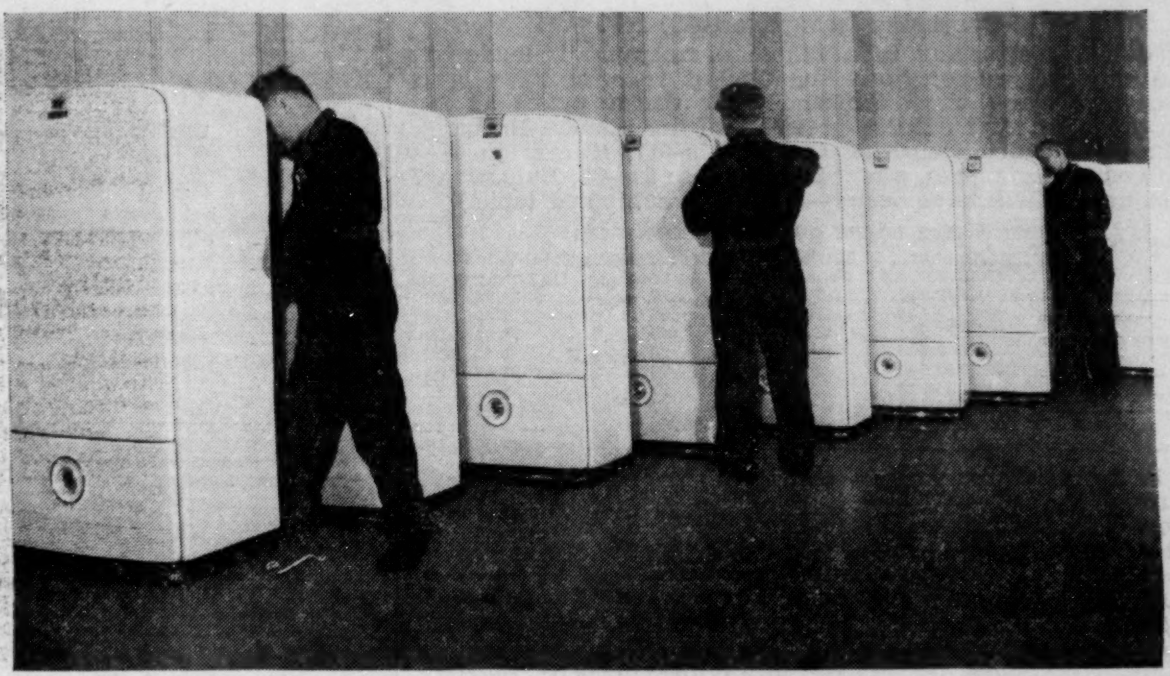
The total of money borrowed, compiled on the same basis, as of the close of business Aug. 31, 1945, was (1) on direct obligations of or obligations guaranteed as to principal or interest by the United States Government, $350,592,941; (2) on all other collateral, $596,368,581. Total $946,961,522.

A $9,000,000,000-a-year demand for houses will mean jobs in steel.

New Cars for old will mean more jobs.



New Rails for the railroads. More jobs in steel!



Needed: 5,000,000 refrigerators. Result: Jobs making steel.

What's the Chance of a Postwar Job—in Steel?

HOW MANY jobs will there be in the steel mills for returning veterans and war workers? No one knows exactly. But this much is certain:

Plans have long been made to meet quickly after Victory the tremendous, pent-up demand for goods—and it will be out of production to meet this demand that jobs by the thousands will come.

Consider a few of the facts. The steel industry faces, right now, an accumulated demand for more than 600 articles of iron and steel that have not been manufactured for civilian use since 1942 — including an estimated 23,000,000 radios, 5,000,000 refrigerators, and 3,000,000 washing machines.

Postwar building is expected to run to 9 billion dollars a year. There will be an immediate need for at least 7,000,000 automobiles to replace those junked since the war began. The rebuilding of European countries will open a tremendous market for American steel.

Over and above this, will be the demand for steel in new products — planes, deep-freeze units, air-conditioning equipment, television receivers, and hundreds of other devices grown out of war discoveries.

And all this will result in countless jobs—for demand for goods makes jobs.

Now that Victory has been won, the steel industry and other industries will put into operation their plans for the jobs and opportunities all of us want.

A Report on the Prospects
for Postwar Employment
in the Industries Served by

Chesapeake & Ohio Lines

Cleveland

CHESAPEAKE AND OHIO RAILWAY
NICKEL PLATE ROAD
PERE MARQUETTE RAILWAY

Gold Mining Prospects

(Continued from page 1693)

currency familiar to their Western brethren. The esteem in which gold is still held over most of the world was shown by the use of gold coin by Allied military forces in North Africa and Arabia.

This country now possesses the greatest stock of gold in the world—a little over $20 billions. Last year, for the first time since 1934, we began losing gold to other countries.

Gold's Industrial Uses

There is a prevalent fallacy that gold is not a commodity and has little natural usefulness. Gold, on the contrary, is a valuable metal possessing rare and fine technical qualities. The most malleable of metals, it can be beaten into leaves 1/300,000 of an inch in thickness.

The chief industrial uses of gold are in jewelry and dentistry. Gold chlorides are used for glass staining, pottery and enamel painting, coloring of artificial gems, and in photography. More than 90% of newly-mined gold, however, goes into monetary channels.

The Price of Gold

The Act of April 2, 1792, which established the first monetary system of the United States under the Constitution, fixed the weight of the gold dollar at 24.75 grains of pure gold, so that an ounce of gold was then worth $19.39.

In 1834 the gold content of the dollar was reduced slightly, making the value $20.69, and in 1837 it was reduced even more slightly to $20.67. For nearly 100 years this remained the standard value of gold here.

Under the Gold Reserve Act of Jan. 30, 1934, the weight of the gold dollar was fixed by proclamation by President Franklin D. Roosevelt at 15 5/21 grains of gold 90% fine, i.e., 13.71429 grains of pure gold. This established the dollar at 59.06% of its former weight and raised the price from $20.67 to $35 an ounce, which remains in force today. As to the future, it seems clear that the present Administration is opposed to an increase in the price of gold.

On June 9, last, the British increased the price of gold by four shillings per ounce to 172 shillings, or eight pounds 12 shillings, instead of the previous 168 shillings, or eight pounds eight shillings, to make the value in American money $34.7945. The ostensible reason for this action was given that it was justified by the reduced shipping risks and lowered cost of insurance consequent upon the elimination of the German submarine menace.

Table 1

PRODUCTION OF GOLD

(in thousands of fine ounces)

	World	*U. S.	Canada	Union of South Africa	Russia and Siberia
1929	19,673	2,208	1,928	10,412	1,100
1932	24,306	2,449	3,044	11,559	1,990
1934	27,318	2,916	2,972	10,480	4,000
1935	30,354	3,619	3,285	10,774	5,000
1936	34,230	4,296	3,748	11,336	6,500
1937	35,723	4,753	4,096	11,735	†5,900
1938	38,030	5,008	4,725	12,161	†5,800
1939	39,485	5,559	5,094	12,822	†5,000
1940	40,907	5,920	5,311	14,038	†4,000
‡1941	40,818	5,981	5,331	14,386	†4,000
1942	35,614	§3,619	§4,841	14,121	†4,000
1943	29,813	§1,365	§3,652	12,800	†4,000
1944	----	¶989	¶2,885	12,300	----

*Production of the Philippine Islands included with the United States. †Estimated. ‡Preliminary and partly estimated. §Actual. ¶Estimated by Standard & Poor's.

Table 2

UNITED STATES GOLD IMPORTS AND EXPORTS

(Amount in thousands)

Year	Total Net Imports	United Kingdom	Canada	Mexico & Other Latin American Republics	All Other Countries
1940	$4,744,472	$633,083	$2,622,330	$158,139	$1,387,356
1941	982,378	3,779	412,056	78,653	487,890
1942	315,678	1,955	208,917	79,696	25,110
1943	68,938	88	66,920	10,202	—1,459
1944	—845,392	—695,483	46,210	—218,255	22,236

Last year's exports exceeded imports.

U. S. STOCK OF GOLD

1940	$21,995,000	1943	21,938,000
1941	22,737,000	1944	20,619,000
1942	22,726,000	1945 (July)	*20,152,000

*Preliminary.

Tarble 3

AMERICAN GOLD MINING STOCKS

Company—	1944 Earnings Per Share	1944 Divs.	1945 Price Range		Recent Price	1939 Earns.
			High	Low		
Alaska Juneau Gold Mining Co.	*$0.19	---	8¼	6¼	6⅞	$0.62
Homestake Mining Co.	*0.57	---	60¾	42	53	3.54
Natomas Company	0.02	$0.50	12½	10⅜	11⅝	1.47
N. Y. & Honduras Rosario Mining Co.	2.88	2.75	50	30⅛	46½	4.42
South American Gold & Platinum Co.	0.13	0.20	5⅜	4⅜	4½	0.25
Sunshine Mining Co.	0.61	0.40	15½	10	15⅜	2.13
U. S. Smelting, Refining Mining Co.	0.73	1.75	71	52	70¼	6.77
Yuba Consolidated	†0.06	0.20	5¾	4½	5½	0.48

*Deficit. †Year ended February, 1945.

Table 4

CANADIAN GOLD MINING STOCKS

Company—	1944 Earnings Per Share	1944 Divs.	1945 Price Range		Recent Price	1939 Earns.
			High	Low		
Bulolo Gold Dredging, Ltd.	*---	---	24	17	19½	$3.87
Dome Mines, Ltd.	$1.45	$1.50	26½	22¼	24¾	1.97
Hollinger Consolidated Gold Mines	0.45	0.46	12¼	9⅛	11¾	1.15
Lake Shore Mines, Ltd.	‡0.76	0.80	23	15⅛	20⅛	3.54
McIntyre Porcupine Mines, Ltd.	3.57	3.33	61½	52	60	4.65
Pioneer Gold Mines of B. C., Ltd.	†§0.01	---	6⅞	4	5½	0.45
Premier Gold Mining Company, Ltd.	0.02	0.03	1⅞	1 1/16	1⅜	0.12
Teck-Hughes Gold Mines, Ltd.	0.16	0.25	5.65	3.50	4:60	0.42
Wright-Hargreaves Mines, Ltd.	0.27	0.25	4 9/16	3	3 15/16	0.74

*Property in New Guinea was enemy occupied. †Deficit. ‡Year ended June, 1944. §Year ended March, 1945.

In banking circles here the action of the British Treasury in increasing the price was generally considered as a step to bring the British price more in line with that of the United States Treasury price, and, it was believed, probably meant the establishment of sterling—which was pegged at about $4.02½ to the pound for the greater part of the war—on that level at least for the immediate post-war years. Yesterday [Oct. 3] sterling advanced to $4.03¼.

The Gold Standard

In the automatic or classical gold standard, gold is only the base; the "money" in the main consists in bank notes and checks drawn on bank deposits which are convertible into gold. The maintenance of convertibility at a fixed rate (gold bar) is an essential feature with significant consequences, compelling the authorities to have sufficient gold reserves to meet any demand for gold arising.

In the credit structure, therefore, gold is a vital factor, and its flow in and out of the country influences credit expansion and contraction. The important consideration is the stability of foreign exchanges at a given gold par, and the resultant necessity of preserving gold reserves in the proper degree. Such was the gold standard existing in this country until 1933.

Real Function of Gold

The principal monetary function of gold in the future will be in international exchange. The fundamental basis of exchange between nations will be gold, and gold will be tied to the dollar as the most widely accepted currency in the world.

Gold and Bretton Woods

The International Monetary Fund proposes to reestablish international currencies on a gold basis, but simultaneously eliminating, or at least moderating, the "disturbing rigidities which characterized the gold standard." In brief, the Bretton Woods agreement retains the link of currency to gold, but it is elastic to permit changes in exchange rates when necessary to avert the breakdown of monetary systems, competitive currency depreciation, and similar measures of economic warfare.

Demand and Supply

The demand and the supply of gold both have a unique stability. The demand is essentially one for monetary hoards and reserves, and therefore is fairly constant. Gold is outstandingly a commodity the supply of which is not subject to sharp fluctuations, the annual production not amounting to 4% of the total supply.

Geologists and economists every so often threaten that a scarcity of gold may occur, and on this fear some have tended to blame great depressions like those of the 1870s and the 1930s. But Nature, or the law of compensation, always manages to emasculate the Cassandra-like forecasts, and on those occasions gold production displays a sudden and sharp upturn.

It is estimated that there is enough gold in the earth for another 60 years at the pre-war rate of production, and not more than a fraction of the potential sources of the metal have been prospected.

Some students of economics, on the other hand, fear that there may be too much gold one of these days and that it may share the fate of silver.

There appears little valid basis for such apprehensions. Production of gold is an expensive operation. Gold ores are prospected, assayed, developed, mined, crushed, processed and transported at substantial cost, requir-

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The Ban on Axis Loans

(Continued from page 1693)

used for additional spending, thus aiding the American economy and helping at the same time the American taxpayer. As an indication of the price which securities in question would command, after the ban on trading will have been removed, reference is made to a number of representative issues and their recent prices as registered on the London Exchange: German 7s—17; Hungarian 7½s-20; Japanese 5s—35; Bulgarian 7s—17. (See subjoined table.)

REPRESENTATIVE LOANS OF ENEMY COUNTRIES

	Amount Outstanding	Market Value Sept. 1, 1939	Recent Prices In London	Total Value Based On London Price
Germany	$501,208.000	$109,154.500	17	$ 85,205.500
Japan	315,418.500	188,134.500	35	110,396.500
Italy	121,521.500	50,626.500	65	78,989.000
Hungary	42,042.500	29,612.000	20	8,408.500
Austria	31,390.500	3,497.500	70	21,973.350
Bulgaria	16,634.500	2,287.500	17	2,827.865
Rumania	12,895.500	710.000	17	2,192.235
Total	$1,041,111.000	$384,022.500		$309,992.950

It will be recalled that following the surrender of Finland, with which the United States Government had also severed diplomatic relations, the Treasury Department permitted the re-admission to trading of the bonds of Finland, Finnish political subdivisions and corporations. Inasmuch as the Government has seen fit to authorize transactions in Finnish loans, what valid reasons exist against permitting transactions in other foreign loans, which may be said to be of a somewhat similar character, at least as regards their political aspect? It might also be asked why the Government could not see its way clear to authorize the resumption of service on Axis loans out of frozen funds which the countries in question have on deposit in the United States. In passing, it might be recorded that the Treasury Department sanctioned the payment by Rumania out of frozen balances of some $13,800,000 to an American corporation which had transferred its assets in Rumania to the Rumanian Government immediately after the country was overrun by Nazi troops. It is within reason to assume that the interests of American citizens who hold relatively small amounts of Rumanian bonds, should be at least as close to the hearts of the Administration as the interests of a large American corporation.

With World War II at an end, the American holder of Axis securities would at least appear entitled to an explanation by the Government as to the reasons for continuing the ban on trading in the American market of the issues of Axis nations and their satellites.

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ing a great deal of labor, tons of heavy equipment, and considerable steel and other materials.

Moreover, gold production fluctuates according to the profit it gives the producer. In boom times, when wages and materials prices are high, with the price of gold in currencies fixed, the production of gold declines, and only high-grade ores are exploited. Conversely, in depression times, when wages and materials prices are low, the production of gold increases and lower-grade ores are explored and mined.

Statistics on the world production of gold are given in Table 1.

Domestic Production

During World War II American mines have been greatly handicapped. Government restrictions and acute labor shortages have combined to reduce gold production and, in some cases, to stop it altogether; and also to curtail exploratory and development work which, of course, is the *sine qua non* for continuing success in mining.

In this country the WPB revoked, as of July 1, the previous directive, L-208, of October, 1942, prohibiting the mining of gold in order to conserve manpower; but this relaxation is not expected immediately to cause any sharp increase in the country's gold output, and the gold producers also face inevitable increased costs of both labor and materials.

Domestic production of gold is shown in Table 1, U. S. gold movement in Table 2, and statistical data regarding American gold mining companies in Table 3. The reason the net results of these companies' operations have not been indicative of their normal earning power is due to the Government's banning of production during the war. It may take some time before these companies can get back into production, as labor is still scarce and new machinery difficult to obtain. Prices of these stocks have fairly well discounted the resumption of normal operations, and therefore from an investor's viewpoint gold mining stocks for the present have only limited attraction, and greater profit possibilities exist in those companiese that can adjust the selling prices of their products to increases in cost of operation.

Canadian Companies

Many Canadian producers have operated during the war and consequently do not face some handicaps confronting American producers, such as necessity of rehabilitating mines, dewatering, reacquiring machinery and equipment loaned elsewhere. At the same time the Canadians will have to undertake deferred development and maintenance, as do the American companies. Since 1941 nearly 100 smaller Canadian properties have closed, leaving about 65 mines operating currently, so that some time must elapse before the 50% drop in Dominion production is regained.

Canadian production is shown in Table 1 and data on Canadian companies in Table 4.

Conclusion

We do not anticipate any increase in the value of gold in terms of the American dollar in the foreseeable future, but believe that gold will be linked to the monetary systems of the United Nations, although there will not be a return to the gold standard as such. American stock of gold probably will not change to any serious extent. In our opinion both American and Canadian mining stocks are already appraising the return of higher earnings as a result of resumption of production, and from the investor's viewpoint offer only limited attraction. —*Reprinted from the Oct. 4, 1945, issue of "Investment Timing," published by the Economics and Investment Department of the National Securities and Research Corporation, New York City.*

U. S. Delegates to Food Conference Named

President Truman has named the 34-man United States delegation to the United Nations Food and Agriculture Organization conference which is to start at Quebec on Oct. 16. Heading the delegation will be Secretary of Agriculture Clinton P. Anderson, the United Press reported from Washington, Oct. 3, and added:

As Congressional advisers to Mr. Anderson, the President appointed Senator Elmer Thomas, Democrat, of Oklahoma, Chairman of the Senate Agriculture Committee; Representative John W. Flannagan Jr., Democrat, of Virginia, Chairman of the House Agriculture Committee; and Senator Raymond E. Willis, Republican, of Indiana, and Representative Clifford R. Hope, Republican, of Kansas, minority members of these committees.

Assistant Secretary of State William L. Clayton will be deputy United States member of the delegation. Howard R. Tolley, United Nations Interim Commission on Food and Agriculture, will be alternate member.

Other advisers include Edward A. O'Neal, President of the Farm Bureau Federation; James G. Patton, President of the National Farmers Union; Albert S. Goss, master of the National Grange; Homer L. Brinkley, President of the National Council of Farmer Co-operatives; Anna Lord Strauss, President of the National League of Women Voters; Henry S. Graves, of the Yale University College of Forestry; A. L. Deering, Dean of the College of Agriculture of the University of Maine, and H. G. Bennett, President of the Oklahoma Agricultural and Mechanical College.

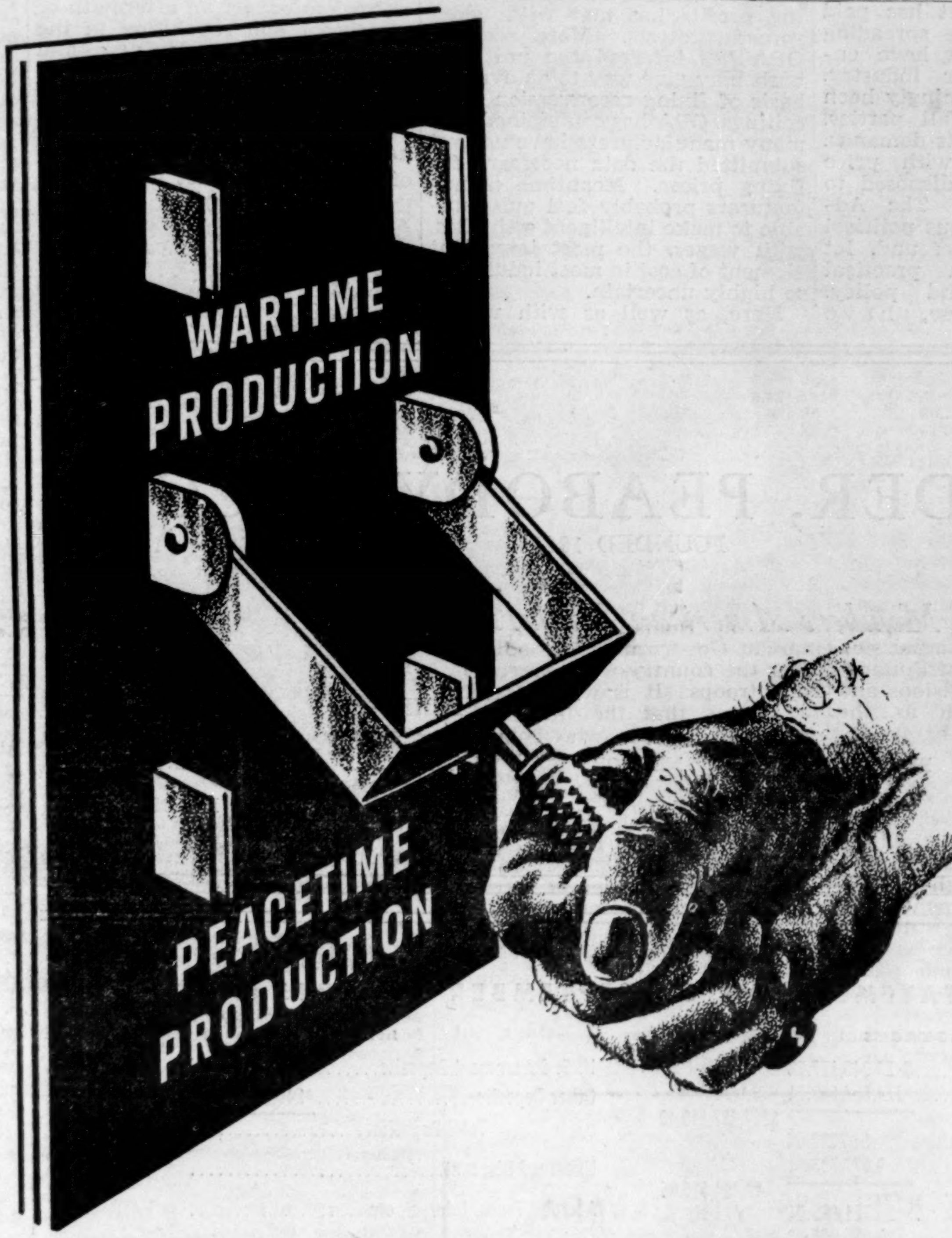
Surgeon General Thomas Parran, of the United States Public Health Service, and Paul Appleby, assistant director of the Budget Bureau, are among governmental advisers. Others represent the Agriculture, State and Interior departments.

Harry Jarrett, special assistant for the Bureau of Agricultural Economics of the Agricultural Department, will serve as press relations officer.

On Oct. 2, the New York "Times" advised in its dispatch from Washington of that date, that President Truman invited a group of newspaper, magazine, motion picture and radio representatives to the White House and urged them to give fullest publicity to the conference. The group had already been assured that the Quebec meeting would be an "open conference," and welcomed the promise in view of the fact that secrecy had been enforced at the Hot Springs, Va., conference in May of 1943. The "Times" also stated:

Mr. Truman observed that the FAO conference would mark the first of several United Nations meetings. Although it follows by two years and five months the Hot Springs conference, where the notion that the world's food problem could best be attacked by international action was conceived, the President noted that the Constitution of the United States was 80 years in implementation.

The goal of the conference would be reached, he said, if a substantial beginning were made toward the solution of the worldwide problem in the next four or five years and the basic objectives were accomplished in a generation.



No, not quite as easy as just throwing a switch, but . . .

. . . reconversion is no bugaboo at Pure Oil refineries. It's going on now. In many respects it's already *done.* Pure-Pep gasoline and Woco-Pep, for example, have already been stepped up to better than prewar quality in all-round road performance.

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The Fourth Quarter Outlook

(Continued from page 1690)

weeks could bring down a number of stocks to decidedly attractive buying levels and seems worth waiting for, so far as the investment of new funds is concerned.

Taxes

An important factor behind the recent rise in the market was the expectation of early tax reduction, but the recommendation of Secretary of the Treasury Vinson that the corporation excess profits tax be repealed removes this important bullish factor, now that the "news is out." The Secretary went about as far as could be hoped in making recommendations encouraging to business and financial sentiment.

Labor and Strikes

To date the market has paid little attention to the spreading labor difficulties that have engulfed industry after industry. The situation has seemingly been allowed to drift by all parties. Labor stands pat on its demands. Management, faced with price uncertainties, is not disposed to meet these demands. The Administration, for obvious political reasons, has not yet found, let alone enunciated, a practical wage philosophy and policy. This will, of course, have to be determined, and rather quickly, if the whole process of reconversion is not going to be seriously delayed. The General Motors strike vote is scheduled for Oct. 24 and this whole situation may come to a head and perhaps look its worst in the two or three weeks following that date. That might well be a logical time to look for a bottom in any market reaction that might soon begin.

Price Control

OPA has apparently made little progress in the extremely difficult problem of setting reconversion prices. The policy of allowing manufacturers minimum increases for increased costs, but of freezing retail prices and taking reduced margins out of distributing profits has met with widespread protests. More recently OPA has inferred the unit cost basis may give way to an over-all basis of fixing reconversion price ceilings. OPA has complained that many manufacturers have not yet submitted the data necessary for fixing prices. Meantime manufacturers probably feel quite unable to make intelligent estimates, with wages, the most important element of cost in most industries, so highly uncertain.

Here, as well as with wages, time is running out. If goods are going to be manufactured and sold, prices have to be set by someone. OPA's sincere efforts to avoid what it conceives to be inflationary price advances run head on into sheer economic necessity of profitable operations if goods are to be produced. This whole matter will have to be clarified and probably within a brief period. Price control is likely to be abandoned, eventually, but the tenacity with which previously announced and followed OPA policies are pursued in the immediate future will have a direct effect upon financial sentiment over the next month or so.

Foreign Affairs

Foreign affairs are not usually an important market factor, but for what effect they may have, developments abroad are likely to prove more chilling than stimulating sentiment. It is entirely normal to expect an aftermath of discontent and revolution in the wake of large-scale war and despite all efforts to maintain world order, this war is likely to prove no exception in this connection. The London Conference of Ministers has met with something less than 100% success. The Balkans, Indo-China, Spain and the Dutch East Indies, to name a few, are spots in which trouble appears to be brewing.

Corporation Earnings

The market's peace celebration has paid little attention to near term earnings prospects, but here, too, third quarter reports are likely to have a sobering influence. Already many railroad reports for August show sharp declines in earnings from a year ago and September reports are likely to make even more unfavorable comparisons. This is unlikely to prove a major market influence, especially since dividend rates are so strongly supported. Nevertheless, a scattering of poor earnings comparisions could well have a sobering influence upon a market which has paid so little attention to other than distinctly longer term earnings prospects.

Year-End Rise

Because these factors are relatively minor rather than major, and temporary rather than long-enduring, probabilities favor a temporary and intermediate reaction in stock prices rather than anything more serious. The market has proven itself very thin on the upside and if forced to absorb any quantity of selling will probably be correspondingly thin on the downside. This gives both strong and weak markets an appearance of vigor that is frequently deceiving. Nevertheless the major issue at stake, namely the getting under way of full production of peacetime goods, is so vital and important that every effort will be made to find a way out of the developing impasse.

Because of the political difficulties in the way of graceful settlement of price and wage problems, an apparently critical situation may have to develop before the Government feels able to take vigorous action. Thus events could conspire to set the stage for first a sharp though brief shock to sentiment, and then a rapid rebound. So far as the market is concerned, this could provide the impetus for a fairly sharp reaction in prices, but one quickly followed by a vigorous rally, especially since the period from mid-December into the first quarter is normally the strongest of the whole year.

The probability is still strong that before the longer rising phase of the market ends, namely, before the market goes through a period of extended irregularity lasting over a number of months, industrial stocks generally will go to an approximate 3% yield basis. Recently industrial stocks sold on a 3.6% basis and dividend rates have been increased here and there, so that from a longer term point of view a material further rise in stock prices above recent levels is a reasonable expectation.

One effect of the solution of the developing wage and price tangle may have an important stock market influence, in that there is the possibility that the settlement of price and wage differences may result in an economy that enters the production phase of reconversion in a relative state of unbalance and instability. This could mean a truncating of the period of active production by the necessity for shaking down the wage-price structure via a period of minor deflation. This in turn, could compress into a relatively brief period the further rise this market is to experience in the current "replacement boom." Fortunately, however, this is a bridge that does not now have to be crossed.

The present outlook is that the market may be subjected to a minor reaction over the next month or so and thereby become an excellent purchase for another vigorous advance that could carry the Dow-Jones Industrial Average well above the 200 level during the first half of **1946**.

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STATEMENT AS OF SEPTEMBER 29, 1945

RESOURCES

Cash & Due from Banks	$ 59,840,177.38	
U. S. Government Securities	174,557,642.11	
		$234,397,819.49
State, County & Municipal Securities	516,722.04	
Other Securities	9,677,793.61	
		10,194,515.65
Demand Loans	20,781,395.01	
Time Collateral Loans	7,855,954.93	
Bills Discounted	17,871,779.47	
		46,509,129.41
Bank Buildings	2,557,367.77	
Furniture and Fixtures	126,242.28	
		2,683,610.05
Customers' Liability under Letters of Credit and Acceptances		5,341,281.09
Accrued Interest Receivable		669,736.13
Other Resources		133,322.85
		$299,929,414.67

LIABILITIES

U. S. Government Deposits	$ 33,731,711.32	
Other Deposits	240,180,492.77	
Total Deposits		$273,912,204.09
Unearned Discount		133,936.28
Accrued Taxes, Interest, etc.		1,122,439.46
Reserve for Dividend Payable Oct. 1, 1945		142,187.50
Letters of Credit and Acceptances		5,341,281.09
Capital Stock (par value $20.00)	5,687,500.00	
Surplus	10,000,000.00	
Undivided Profits	2,139,289.38	
		17,826,789.38
Reserves		1,450,576.87
		$299,929,414.67

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Banks Expanding Consumer Credit Expansion

(Continued from page 1707)

banks and by others. While aircraft financing is a highly technical form of consumer and instalment credit, the American Bankers Association has taken the lead in presenting to its membership this comprehensive step-by-step operational study.

The increased interest that is being shown by banks, insurance companies, and insurance producers in the direct method of financing automobiles was evidence of the need for a study on this phase of consumer lending. This study was completed in comprehensive form and a manual of operations "Direct Automobile Loans to Purchasers and Owners," was prepared and distributed to member banks and to the insurance companies and agents interested. This material gives to a bank interested in direct operations detailed procedure in organizing a cooperative bank and agent auto plan. It is estimated that close to 9,000 banks are interested in this type of lending.

The Committee on Consumer Credit reports progress on the establishment of a nationwide collection system for banks. Up to the present date, a complete list of all banks engaged in some phase of consumer credit has been compiled. A questionnaire has been prepared and sent to all our member banks which will determine accurately the classes of consumer loans each bank will engage in, and whether or not such banks will cooperate in a nationwide collection program. When this information is tabulated, the results will be published in a consumer credit directory and will indicate which banks are prepared to offer their consumer credit department facilities in this collection system and to what extent.

The Committee is continuing to cooperate with many trade associations, both national and Statewide. Contacts have already been made with State automobile dealers' associations, appliance and furniture associations, fuel and trucking associations, farm equipment dealers, and manufacturers and others interested in the distribution of consumers' goods or services. These meetings have proved to be of distinct benefit to the commercial banks so far as making satisfactory arrangements for financing in the post-war years. These national and State associations are extremely interested in and alert to the interest of banks in consumer financing and have indicated a willingness to cooperate fully with the banks.

A great deal of consideration is being given towards the development of the correspondent bank relationship program. Our Committee has pledged itself to offer every assistance in an endeavor to stimulate and encourage the large city bank to implement this program by making available to the small community country bank knowledge on specialized credit. Because of its many specialized types, consumer credit presents an invaluable aid in the development of correspondent bank relationship.

Also included in the activities of the Committee during the past year was the part played in cooperating with the Post-War Small Business Credit Commission on small business term loans.

The Committee on Consumer Credit also cooperated with the Committee on Service for War Veterans in formulating changes and recommendations in the G. I. Bill of Rights.

The subject of selective credit control to keep our economy on a more stable basis has been developed during the past year. The advocates of such controls are taking steps to spread their gospel by making speeches, releasing information, and molding public opinion. The Committee does not favor or agree with this philosophy of selective credit control.

The Committee recognizes our responsibility to help combat inflation and believes that consumer credit, if properly used, can be an effective weapon in this fight. Money and liquid assets of individuals are in excess of $100 billion.

Obviously, a great inflationary pressure is created by this enormous backlog of buying power and the tremendous pent-up demand for consumers' durable goods. We believe this inflationary trend can be most effectively met by a program of continued savings on the part of the American people. The 80 million holders of War Bonds have acquired the savings habit and have accumulated the largest sum of personal liquid assets in the history of this country. We, as bankers, should encourage this trend, and urge the American people to keep their War Bonds as "next egg" savings. If people buy automobiles, refrigerators, radios, and improve their homes out of current income by making use of their bank credit, then one of our greatest inflationary dangers will have been averted.

The committee believes that it is the responsibility of bankers to persuade our people to keep their E Bonds until maturity, and to buy necessary goods out of current income for cash or on prudently budgeted instalment terms.

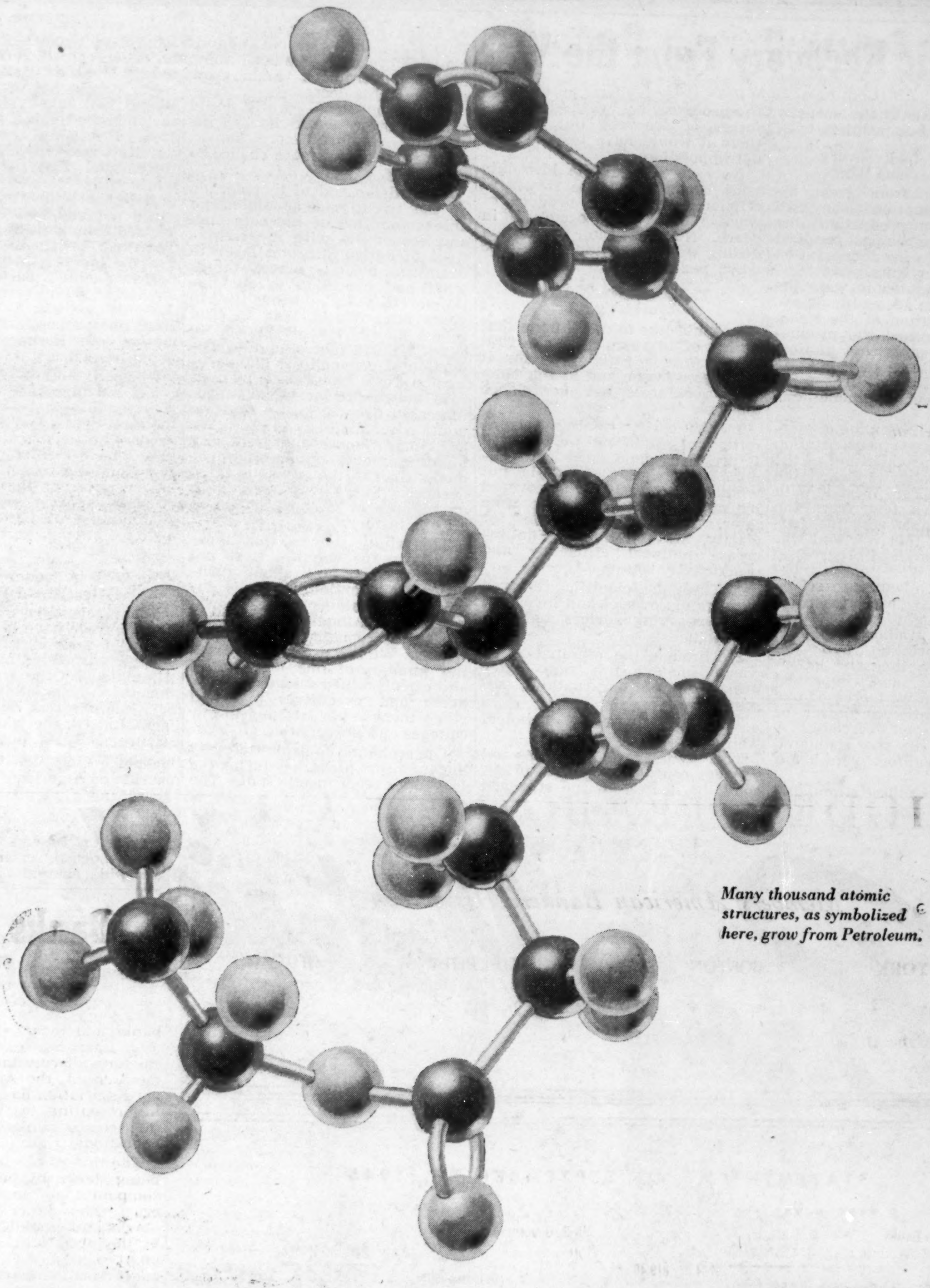
Numerous surveys show that a substantial percentage of people intend to keep their bonds. However, if the credit terms required by regulation are too severe to permit families in the middle or lower income brackets to make such purchases, either a hardship will be worked on those people, including veterans, or they will be forced to redeem their E Bonds.

If a continued savings program to combat inflation is to be successful, then practical, realistic policies must be followed on selective credit controls. People with substantial war savings, or those few who are willing to cash their War Bonds, should not be favored in the distribution of goods over veterans and the lower income group.

Regulation W and a national program of educating banks appear to be two of the most important subjects which will affect the development of consumer credit in the post-war years.

The committee is constantly on the alert to make available to the member banks material which should prove helpful in the future development of this important banking function.

Members of the Committee on Consumer Credit are: Carl M. Flora, Vice-President, First Wisconsin National Bank, Milwaukee, Wisconsin, Chairman; G. S. Blue, Assistant Vice-President, Mercantile-Commerce Bank and Trust Company, St. Louis, Missouri; T. C. Boushall, President, Morris Plan Bank of Virginia, Richmond, Virginia; William W. McCarthy, Vice-President, National Shawmut Bank, Boston, Massachusetts; R. A. Peterson, Vice-President, Bank of America N. T. & S. A., San Francisco, California; Lehman Plummer, Vice-President, Central National Bank and Trust Company, Des Moines, Iowa; W. H. Rogers, President, National Bank of Geneva, Geneva, New York; Richard W. Trefz, President, Beatrice State Bank, Beatrice, Nebraska; Walter B. French, Deputy Manager, and Louis J. Asterita, Secretary, both of ABA headquarters, 22 East 40th Street, New York, New York.



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In this blood kinship with all commerce and industry, Tide Water Associated Oil Company has the greatest incentive to continue the pioneering it began by laying the first long distance pipeline.

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TIDE WATER
ASSOCIATED
OIL COMPANY

Economic Recovery From the War

(Continued from page 1694)

than ever before to the security and comfort of our people.

The Road to Recovery After Previous Wars

It is exactly from great increases in national efficiency and consequently in production that the world has in the past received its major aid in recuperation from devastating wars.

After the Napoleonic wars the plight of Britain seemed hopeless. But the application of the steam engine so increased the productivity of her people that in time the burden of huge debt became easy, the standing of living increased and employment expanded.

After our Civil War the expiration of railway transportation stimulated the productivity of the fertile Mid-West. It opened the mines of the Far West. With these aids, in a few years the United States overcame the economic losses of that war and was again on the march of progress.

After World War I there blossomed a great advance in scientific knowledge and technical skills. It brought expansion in electric power, radio, telephone, motor transportation and the application of a thousand labor-saving devices and improved methods. Again we increased our productivity until the losses of that war were soon overcome. A great advance in the standards of living and comfort were again on the march.

I do not assume these stimulants to productivity were the sole forces of recovery but without them it would have been slow if not impossible.

Now do not get the idea into your heads that these surges of efficiency were the product of war. They have occurred in peace. No doubt their suspension during war cumulates their force when peace comes.

The Experience After World War I

I should like to dwell upon that period of 10 years after the first World War a little more for it contains a lesson and at the same time reenforces our confidence today.

In the early twenties a committee of engineers over which I presided announced an economic doctrine that, while not wholly new, was only discovered by many economists some time later. Amplified a little for clarity, we said the way to increase national efficiency and productivity was:

1. Through scientific research with its discoveries and invention of labor-saving devices and better methods;

2. Through the elimination of waste in industry and better utilization of our natural resources;

3. Through improved technical training.

Thereby the costs of articles and services could be reduced, prices could be decreased, the standard of living increased, people could buy more and thus more jobs could be created. The tax income of the Government would grow and the debts decrease.

From the social profit could come shorter work hours, increasing comfort, more music, more movies, and more chance to go fishing.

Toward the end of that decade of the twenties I appointed an able committee of business men and economists with representatives of agriculture and labor to examine among other things what had happened to our national efficiency during the 10 years after World War I. The report showed that during the 10 years we had increased the production of commodities and services on a per capita basis by over 35% above prewar. Real wages increased over 30% and working hours decreased by 15%. We built more homes and great city buildings, more public improvements than in the previous three decades. There was never such an advance in so short a time in all our history.

This study showed that these results in the twenties were not the product of any single revolutionary invention. We had developed inventions and improved methods in a thousand directions. We had systematically eliminated wastes. We had greatly increased the number of our laboratories and of our skilled scientists, engineers and executives and had given them better training in our colleges and universities.

The economic doctrine stated by the engineers prevailed during the 10 years except in one spot. The weakness was that industrial labor and management skimmed off the cream of these gains and mostly left the farmers and white collar classes out of the benefits. Wages had taken about 70% of the increased gains, profits about 15%. Prices and the cost of living decreased only slightly during the decade. Thus the farmers and white collar classes who did not participate in increased incomes could not buy their share of increased commodities and services. Then we began to overproduce and the increase in profits led to unrestrainable speculation. An inevitable slump resulted in 1929. Just as we were convalescing from our economic sins the hurricane of European financial panic struck us down into the great depression of 1931.

Yet the engineers' doctrine was right and I am going to assume the next generation will have the wisdom not to make the one mistake I have mentioned. The lesson from that one economic sin, however, is not the main theme of this address, which is an examination of the prospect we have for another postwar increase in productivity.

The Road to Economic Recovery After World War II

From scientific discovery and invention we have today a host of potential new expansions—many of them suspended by war, others stimulated by the war. None of them are immediately revolutionary, but of great cumulative effect. Indeed, the whole gamut of science and its application has opened a new frontier to the expansion of American life.

1. We shall see a great expansion in air transport as a result of improvements we now know.

2. There will be great expansion in the application of diesel and turbine gas engines. Among other services, they will expedite and cheapen in railway and highway transport.

3. We shall see a great expansion in the new art which we now call electronics with its multitude of new gadgets. The radar and electronic microscope are new to industry and research.

4. There will be great improvements in synthetic or chemical materials, such as plastics, specialized rubber, glass and chemicalized wood. There will be a great expansion in synthetic textiles.

5. There will be much wider use of light metals.

6. We have developed better seeds, many, improvements in farm machinery and larger industrial uses of farm products.

7. We will save great wastes by the improvements in weather forecasting.

8. We have seen the development of a host of labor-saving machine tools, big and little, during the past 10 years. There is a great improvement in "know how" in the use of these tools and methods.

9. There are a host of new openings for reduction of waste by standardization and simplification of industrial methods and products through cooperation in industry and distribution.

10. We have seen startling discoveries in medicine, the sulfa drugs, penicillin, blood plasma, vitamins, D.D.T. and a host of others which will reduce the waste of sickness and prolong skilled lives.

11. We have made great advances in manipulation of the molecular structure of hydrocarbons, among them improved gasoline and a new host of hydrocarbon products.

Atomic Power

12. The most dramatic of all advances is the manipulation of the structure of the atom. The atomic bomb has awakened high hopes of application of such power to industrial purposes. There is danger to too high hopes. Up to now there is no reason to believe the explosive qualities of these elements can be tamed down so that they can run an engine directly with the amiability of the explosion of gasoline. There will be improvements in the applications of radiation in healing and some industrial uses. There are intermediate and controllable steps in the transformation of Uranium 235, or 238, where a great volume of heat is generated. We are likely to see this indirect application to some power purposes within the next 10 years. That, however, would produce no great industrial revolution. The fuel element in the cost of modern services and manufactured articles is a very small percentage. If all of these per cents were saved, it would not be a revolution. And certainly even the preliminary priming of Uranium for action is an expensive business.

But when we look at the last dozen years' march of scientific thought on the atom we can expect more from such great minds as Lawrence, Oppenheimer, Bush, Millikan, Compton and their host of young colleagues, perhaps much more than even they now know.

13. We have had a great expansion of our scientific and industrial laboratories which will daily add to these forces of greater productivity.

14. And to give impulse to all these forces we have a vast vacuum of goods to fill.

The sum of all these possiblities is not only recovery but a renewed march in progress.

The Reservations

But now I come to some reservations. Whether we realize these great possibilities and all their

KANSAS
KANSAS CITY
MISSOURI
PITTSBURG
JOPLIN
NEOSHO
OKLAHOMA
FT. SMITH
ARKANSAS
HOPE
TEXARKANA
WINNFIELD
NATCHEZ
DALLAS
SHREVEPORT
ALEXANDRIA
TEXAS
LOUISIANA
BATON ROUGE
BEAUMONT
LAKE CHARLES
PORT ARTHUR
NEW ORLEANS

Basic Materials

FOR CHEMICAL MIRACLES

More than a Score of Raw Materials Invite Chemical Industries to the Territory Served by Kansas City Southern Lines

Nowhere else in the United States is found such a variety of raw materials for tomorrow's chemical miracles as in the fast-growing six-state area of Kansas City Southern Lines. Among the metals and minerals are Antimony, Barite, Bauxite, Chalk, Clays, Coal, Dolomite, Gypsum, Iron, Lead, Lignite, Limestone, Manganese, Marble, Mercury, Phosphate, Salt, Silica, Shales, Slates, Sulphur, Titanium, Tripoli, Vanadium and Zinc. And with all these are great timber and agricultural resources for chemurgy, an immense and unfailing flow of natural gas, and the world's greatest oil production and refining—suggesting chemical utilization of hydrocarbons.

The chemical industry produces economically and profitably here, aided by skilled local labor, a plentiful supply of water, and fast, cooperative transportation—not only to domestic markets, but to world trade through great Gulf ports near-by.

KANSAS CITY SOUTHERN Lines

YOUR INQUIRY STRICTLY CONFIDENTIAL
Address F. T. Ridley, Director of Development,
Kansas City Southern Lines, Kansas City Southern
Building, Kansas City 6, Missouri.

train of social good depends upon the moral, social and political climate with which these beneficent forces are surrounded.

They can be crippled by a host of destructive actions:

1. Monopolies that restrict production in order to force up prices or restrain competition from reducing them.

2. Labor union rules that limit the output of men during their agreed hours of work; the gigantic wastes of strikes and lockouts; misguided labor that seeks to secure the benefits of increased productivity before it is accomplished.

3. Foolish industrial labor and management policies that again seek to skim off the cream of increased productivity and leave too little by reduced prices to the consumer who is the farmer and the white collar group as well as labor.

4. Government policies which jeopardize stability of the currency and credit.

5. Taxes which destroy the incentives of men by taking away the reward of their efforts.

6. Bureaucracy which stymies productive forces by stupid meddling.

7. Starry-eyed Utopias which deny men reward for their efforts and thus frighten them from new adventure.

In a word, these forces of science and technology can save this nation from being crushed by the burdens of war. But, to do it, men must be free in mind, spirit and creative power so long as they do no injury to their neighbors. They must be confident of the future.

Clarkson College and all our technical institutions have a great part to play in this recovery. From them must come our trained men. And in their laboratories must develop much of our research. We are confident of the contributions to these ends from Clarkson College.

Labor's Program for America

(Continued from page 1699)

real values, can we assume the responsibility and dignity which is necessary in a free nation.

We want a system of international trade in which the people of other nations will become customers and not competitors and from whom we may obtain what they can best produce in exchange for what we can best produce.

We want a world system of justice in which right will govern relations between the people of the world. We want a world system in which we may live at peace with our neighbors and they with us, devoting all our energies to defeating poverty and not wasting the major human and material resources in preparations for possible war against each other.

We want the United Nations to be united nations and not just a jealous aggregation of powerful rivals. We want to help establish a United Nations of the World in which the democratic liberties of the people of the world are assured under a single government into which is blended the sovereignties of all nations and through which the free will of the people of each nation is given free opportunity for expression subject to their obligations to their neighbors.

Most of all we want to advance the dignity of the human individual as a free citizen in a free community, subscribing to the principles of law which restrict his liberties to the minimum consistent with the exercise of similar liberties by other individuals.

We want that most of all because the history of human civilization has been the progress of the individual towards the maximum of human liberty within the range of the liberties of others. The accountability of the soul of each individual for his own thoughts, words and deeds is the mark of civilization.

Democracy, to be real, is founded on free will, self-discipline to the law of God, and the rules of free men designed to advance the interest of the whole community of individuals. The goal of democracy is the minimum of government control over the affairs of its citizens consistent with the needs of the community of citizens.

That is a program which can be realized only by persistent effort which for the time being requires the insistence of our civil government upon the existence of liberties elsewhere. The Atlantic Charter expressed this program in far nobler terms. That was when the Polish people were promised freedom, the Baltic States were recognized as independent, and the Balkans were pledged liberty. We regret the Charter seems for the moment to have been a casualty in the terrible conflict from which we are emerging.

Our program can succeed only if we refrain from engaging in mass campaigns of hate against a whole people. No civilized people can evade responsibility for tolerating discrimination against any people on the basis of race, creed or color. But we must avoid campaigns of hate, particularly those which are masked as campaigns against hate. The technique is usually to denounce those who denounce others. Unfortunately the objective is quite often the promotion of the group through the exploitation of the issue. The unfortunate effect usually is to increase intolerance and discrimination by sharpening the cleavage between groups.

We have confidence that we can help attain our goal if we keep that goal clearly before us. We must realize that we as a people fought to preserve our inheritance and realize what we can have if we devote in the days ahead some measure of the effort we expended to prevent its loss.

In doing the job, we must never forget that our nation has grown great and powerful because we have held fast to the principle that all our people without regard to the land from which their forefathers came must be treated as equals and human beings. Should we ever betray the principles of racial and religious liberty, we shall no longer be captains of our own souls.

Tomorrow's challenge gives to us a great responsibility to make our nation the foundry from which mankind may fuse again the institutions of liberty and democracy and brotherhood among the peoples of the world. Our task will not be done until we live in that kindly nation and world described by Lincoln, "with malice towards none; with charity for all, with firmness in the right, as God gives us to see the right."

NYSE Suspends Specialist

It was announced by the New York Stock Exchange on Oct. 5 that at a meeting of the Board of Governors on Oct. 4, 1945, the board determined that Isaac Siegel be censured by the Chairman, fined $2,500, and his registration as specialist suspended for six months for violation of Rule 350.

Rule 350 relates to members, acting as specialists, dealing for their own account. It is charged that Mr. Siegel accepted orders to purchase Certain-teed Corp. stock on Sept. 5 and that he filled the order by selling his own stock instead of first offering the stock on the floor of the Exchange, as required by the rule.

Celanese Corp. Offers Debens. and Common

Public offering of $40,000,000 Celanese Corp. of America 3% debentures was made Oct. 10 by an underwriting group headed by Dillon, Read & Co., Inc., and Morgan Stanley & Co. The debentures, due Oct. 1, 1965, are priced at 102% plus accrued interest. Proceeds from the sale will be used for an expansion of more than $25,000,000, and retirement of long-term debt.

The company is also offering 157,945 shares of common stock to its common stockholders through the issuance of warrants permitting subscription to the new common stock at $50 per share on the basis of one share for each 10 shares held. The subscription warrants expire on Oct. 24, 1945. This offering is underwritten by the same group handling the debentures.

Hawaiian Electric Bds. Pfd. Stock Offered

Dillon, Read & Co., Inc. and Dean Witter & Co. on Oct. 10, offered to the public $5,000,000 first mortgage bonds, series E 3⅛% of The Hawaiian Electric Co., Ltd.

The bankers are also underwriting 150,000 shares of series C 4¼% cumulative preferred stock, (par $20), which the company is offering to its common stockholders for subscription at $20 per share at the rate of one share of series C preferred stock for each 2⅓ shares of common stock held. The subscription warrants expire on Oct. 22, 1945.

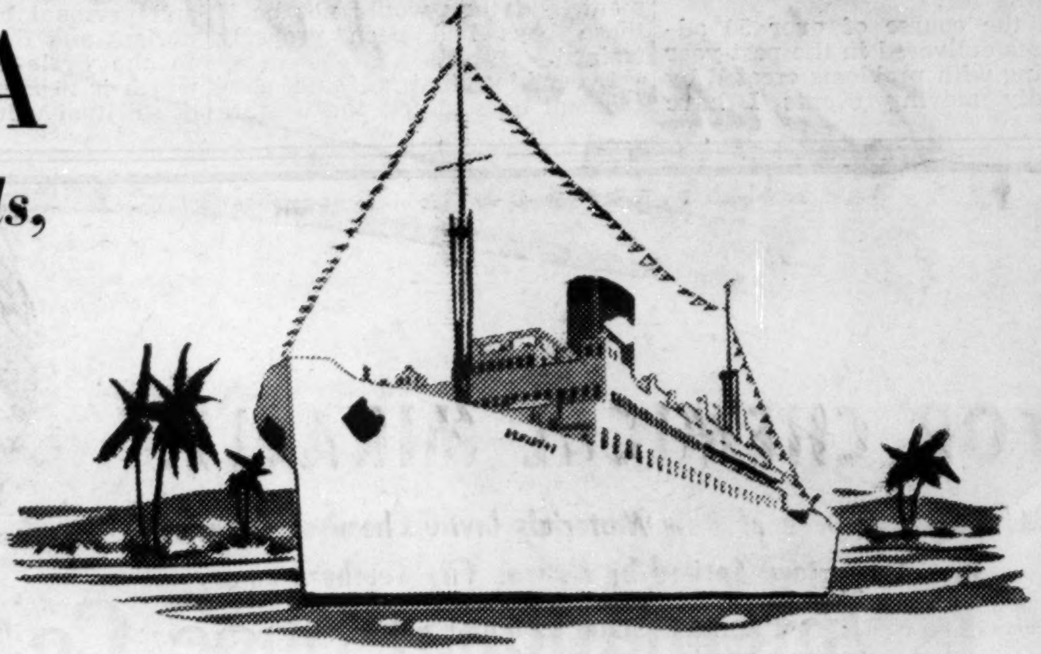
The bonds, due Oct. 1, 1970, are priced at 103% and accrued interest. The redemption price of the bonds is initially 105½% and declines annually thereafter to 100% in the last year.

MIDDLE AMERICA

—rich storehouse of essential foods, fibres, woods and medicines

For great cargoes of bananas, coffee, sugar, cocoa and other nutritious tropical foods, our country has long sought Middle America. But it took a global war to make us realize that the fertile tropical lands of our nearest neighbors could provide many other products essential to both our industry and our agriculture.

In less than three years, with the hearty cooperation of Middle American citizens and their governments, many crops formerly brought from the Far East, have been established—*abaca* (for sea-going rope); *rotenone* (insecticide important to farmers and cattlemen); *oil-producing greases, valuable fibres*. The harvesting and planting of *quinine* has been expanded. *Balsa, mahogany, lignum vitae* and other woods have been furnished in ever-increasing quantities. All these are as important to peacetime trade as they were to war production.



Since the early 1900s the ships of the Great White Fleet have served the healthy 2-way trade between Middle America and the United States, helping in the great exchange of tropical products for North American goods. As rapidly as normal commerce can be resumed, now that Victory crowns the great effort of the United Nations, the familiar white ships will return to their old routes.

Great White Fleet
UNITED FRUIT COMPANY

COLOMBIA ★ COSTA RICA ★ CUBA ★ DOMINICAN REPUBLIC ★ ECUADOR ★ EL SALVADOR
GUATEMALA ★ HONDURAS ★ JAMAICA, B.W.I. ★ NICARAGUA ★ PANAMA ★ PANAMA CANAL ZONE

Prepare Boys for Leadership In America

(Continued from page 1697)

Russian totalitarian States have done, reducing men to mere ciphers and substituting State-disciplined loyalties for individual dignity, then the winning of the Second World War will have proved a hollow victory.

Your duty then is plain. The formula for the guidance of Boy Scout youth to the dignity of American citizenship contemplated by the founders of this nation is simple. Begin now, with those extremely young, to teach them the virtues of democracy, as we have it in America, versus Communism or Socialism and pledge them to a militant interest in public affairs, fighting to exclude from public life those who would surrender our freedom.

Throughout my public life I have been particularly happy in contact with young men. In the work of organizing new and important branches of the Federal Government with which I was entrusted, I surrounded myself with enthusiastic, capable, youthful lieutenants. Against the criticism that they lacked experience I answered that they also knew nothing of defeatism. In the period of the great depression, survival and recovery came because there were enough capable young men who never contemplated failure to pull the nation out of a slough of despondency as they went forward with their boundless ambitions and illimitable hope.

Following the crisis we have just successfully weathered, that same invincible courage of youth offers the best guarantee now apparent that when the bickerings, distrust, misunderstanding and clashes of national philosophy are ultimately resolved, the American way of life can be confidently resolved and life may be again worth living.

These things I submit are worth fighting for.

In the course of over 50 addresses delivered in the past year dealing with problems created by rapidly moving events I have come in contact with a great many teachers' organizations and with men and women who devote their time to the training of youth. I have tried to impress upon them the importance of inculcating a vital interest in government affairs not only on their part but on the part of those who come to them for training.

My fear has been that in the glib conversations, radio discussions, round-table conferences, etc., they have heard a lot of talk about the highlights of present-day governments but no elementary instruction or fundamental understanding of their real importance.

Properly to appraise the relative value of the Communism of Russia, the Socialism of Britain, and the Democracy of America, we must go behind the catch phrases of Nazism and Fascism and Bolshevism, and we must consider the thing which Hitler or Mussolini stood for.

Names and personalities have a dramatic appeal to impressionable youth, and on the theory that there is something heroic about all leaders the untrained young mind is apt to place a halo around the names of a Hitler or of a Mussolini. Always, it seems to me, it is the superficial and the glittering label that appeals to youth. In some countries, indeed, the terms "political revolution" and "student" are synonymous. We congratulate ourselves that our young people are temperamentally non-explosive and that they look beyond the popularity of a name or of an issue to the merits of a controversy. Yet, we have had one of our large higher schools of New York closed in recent days because of most regrettable racial differences among the boys.

These things should not be possible under our form of government, and they would not be if those boys had been properly trained.

Everything that a State government does affects the welfare and fortunes of every individual in the State. It seems to me essential that the individual know just what the form of government under which he lives stands for. To know this one must understand, to begin with, the local unit of government which affects his daily life—village, town, city, and State — instead of thinking only of the term government. Individuals must know who constitutes the government, what the thoughts are of those individuals who make laws, and what the philosophy is of those who control us. Yet I have never been able, in any body of educators whom I have addressed, to find as many as 10% of them ever having gone to the trouble to write to their State legislators or congressional representatives on any subject, much less to impress upon those lawmakers the importance of governing so as to preserve character, integrity, and self-respecting freedom in the individual.

"The State" means to most untrained minds some vast, nebulous institution which will somehow or other assume all the burdens of life and support the individual who lacks the ambition or energy to support himself.

We have the spectacle at this moment, all over the country, of hundreds of thousands of jobs going unfilled while hundreds of thousands of men and women appeal to the State for unemployment support. The most disturbing feature of it is that so many people today are willing to ask State aid without an apology or without any realization that they may be forfeiting self-respect in doing so.

The reason is obvious. The untrained mind knows dimly of a magic Communism or Socialism that, they understand, supports citizens in idleness, and when the going becomes tough, they think of these advertised panaceas and decide that that is what the State should mean in this country. So insidiously have totalitarian governments in Europe poisoned the mind of the individual with the belief that personal responsibility and personal conduct are unimportant and that blind allegiance to the State is the only faith which is necessary, that all sight of spiritual value is lost. As one of our eminent statesmen pointed out several years ago: "No one was ever known to shoot Santa Claus," and as long as the controlling authorities in a country supply a dole and a bounty, obtained with little or no labor, no one questions the real cost of that State charity.

But the cost is terrific. The recipient of breadline rations from a State surrenders, in return for that meager amount, his self-respect, his right to worship, his right to think freely, his right to think for himself, and he is forever harassed by a tyrannical discipline which reduces the individual to a level of slavery.

It seems to me your bounden duty, as responsible people charged with the duty of training young men, to make these facts known to your charges. Have no fear of offending an ally of your country. It is perfectly obvious that unity among the allied nations can never be preserved if it depends upon each nation protecting its own way of life for purely selfish reasons. It seems to me that our European allies who have been so generously benefited by material assistance should be interested in keeping this nation strong and the welfare of its people secure.

And yet there is no reason why any nation should quarrel with the political philosophy of its ally. We have no right, merely because we do not care for Communism, to object to Russian adherence to that form of government. So long as we are not asked to finance the current British experiment in Socialism it is impertinent for us to criticize it. But by the same token the moment the Communist or the Socialist in this country seeks to import that philosophy of government into America and impose it upon our way of living, we would be less than men if we tolerated the intrusion.

At the same time, it cannot escape notice that with all the virtues and advantages claimed for the Communism of Russia and the Socialistic trend of England, those countries now confess that their economic way of living must have been inadequate, for they are now pleading with this country to lend them billions of dollars to save them from national bankruptcy. One is tempted to conclude that there is some connection between the chronic bankruptcy of the European countries and the fact that private enterprise, personal freedom, and individual initiative are wholly absent there, whereas in this land of personal freedom, under the American way of living, there has been prosperity. If for no other reason, then, than the preservation of world solvency, it should be our aim to protect and preserve the American way of life.

And you cannot begin too soon in doing this; you must impregnate the mind of the growing American boy with the realization that it is his duty to take an active part in public affairs as the years pass in order that, knowing the intentions of the founding forefathers and knowing how much better the American form of government and the American way of life has served mankind than any other yet known, he will not be seduced into imitation of alien forms of government whose names and superficial descriptions seem appealing.

There is a danger that the superb youth organizations in the totalitarian countries may have impressed our boys. The vast Congresses of Youth, the huge athletic carnivals which the dictator nations so cleverly staged to catch the imagination of youth may, indeed, have evoked envy in our own boys. Nothing appeals to mankind—boy or man—like a parade. Man is a gregarious animal, and he is prone to move in droves.

That is why that great statesman, Pope Pius XII, one of Europe's wisest statesmen, strove so tirelessly to scotch the disease of dictator philosophy by denouncing the mass movements of men under the false label of State, whereas in Fascist and Communist countries the State was elevated to the position of Supreme Being, eliminating every trace of individual identity in the masses of people because those so-called States eliminated God in whose image man was created.

As Americans we have no choice about these things. The second of the Four Freedoms is not, as generally assumed, freedom of worship, but freedom to worship *God*. The founding Pilgrim Fathers, as the poet says, "left unstained what they found—freedom to worship *God*."

I stress these elemental truths because I have found a widespread belief that good government is not the concern of the individual and that there is no connection between good government and the dependence of man-made government upon God. I am wondering how well your boys—all future citizens—realize the essential connection.

Recently I asked 25 people, picked at random, what each one considered the prime activity of the Boy Scouts. The answers ranged from drilling and camping to doing things in the politest way. No one suggested your founder's creed: to teach youth the essentials of good citizenship.

Let me tell you of another poll. At the request of the Governor of Massachusetts I have been undertaking the work of stimulating New England communities to action that will preserve their industries. At most meetings I asked for a showing of hands of all those who had ever taken the trouble to write to their Congressmen about matters vital to their own welfare. Without exception, the response was in each community less than 10% of those attending.

Obviously, we are getting the kind of government we deserve. We take what is given to us and like it. Now I'm not concerned so much about today, but I am greatly concerned about the future. That's why I plead with you who direct youth to saturate their minds with their responsibility to God and to country, and to do this most practically by compelling them, if you can, to take a lively interest in good government. The lives we are permitted to enjoy in the future are going to be touched upon every side by government interference, and these coming citizens must see to it, therefore, the government is led by good, capable, able men who recognize that the principles of the Declaration of Independence contain all the political philosophy we will ever need.

I am convinced that there is nothing that the American youth cannot be trained to do. We have just witnessed how quickly he was trained from schoolroom theories into the mightiest practical military force in the world's history. Your graduate Scouts played a leading role in that triumph. That might must be matched by influence for peacetime victories. I am convinced that the American youth is anxious to be properly led.

It would be little short of criminal, in my judgment, if those of us who have anything to do with the training of future citizens fail them in this period of confusion and bewilderment when every catch phrase of Socialism and Communism is being bandied about as the cure-all for unrest and dissatisfaction.

Peace has cynically been defined as "an interlude of unrest between wars." It is during this "between-war period" that youth comes of age and boys become men. It is in this period that the thoughts and minds of boys must be trained along the lines of personal responsibility, spiritual values, and civic obligations.

Government, I repeat, will en-

International Shoe Co.

ST. LOUIS, MO.

Reynolds & Co. Offers Raytheon Mfg. Stock

A banking group headed by Reynolds & Co. on Oct. 8 offered 100,000 shares of $2.40 cumulative preferred stock convertible (par $50 per share) of the Raytheon Manufacturing Co. The stock is priced to the public at $51.50 per share plus accrued dividends.

Of the net proceeds, $663,298 will be applied to the redemption of the company's outstanding $5 par preferred stock at $5.50 per share; $1,100,000 will be used to purchase all of the outstanding capital stock of Russell Electric Co., subject to the approval of the Navy Department, and the balance will be added to the general funds of the company and used in connection with the transition to peacetime operations.

In addition to the preferred stock presently being offered, the outstanding capitalization of the company will consist of 1,052,995 shares of 50-cent par value common stock.

The new cumulative preferred stock is convertible, at the option of the holder, into 2⅓ shares of common stock for each share of preferred. The preferred stock is redeemable at the option of the company on 30 days' notice at prices from $54 to and including Oct. 1, 1948, down to $52 after Oct. 1, 1957.

Hugger Heads New Branch Office of J. J. B. Hilliard Co.

LOUISVILLE, KY.—J. J. B. Hilliard & Son, investment bankers, have opened a new office in the Masonic Temple in Owensboro, Ky. under the management of Eugene L. Hugger.

Marion Cardwell, partner of the firm, said that the organization believed the growth of Owensboro in recent years entitled investors there to more adequate investment services and facilities.

Harry Ellman Is Now With B. G. Cantor Trading Dept.

Harry Ellman has become associated with B. G. Cantor & Co., 61 Broadway, New York City, in the trading department, where he will specialize in real estate securities. Mr. Ellman who has been in the "Street" for seven years, was previously with Birnbaum & Co., and prior thereto with Alexander Eisemann & Co. and Luckhurst & Co.

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ter into our lives increasingly as time goes on. Unless we see to it that those who constitute the government are God-fearing, able, patriotic men of integrity and character, imbued with the idea that the State exists to protect each individual in his right to a self-respecting, self-reliant, independent freedom, the State will become a monster destroying every element of individuality and initiative.

That is the responsibility with which you, as the guides and philosophers of American youth, are charged. Have faith in America and in the economic and spiritual life which has brought America to its preeminence. Don't allow strange doctrines of government or strange philosophies of life into your house.

Prepare your boys for leadership in an America which will demand in public life the best they can offer and persuade them to offer their best for public welfare.

It must have been of your task the poet was thinking when he wrote:

> "Tis education forms the common mind;
> Just as the twig is bent the tree's inclined."

Blyth & Co., Inc., Group Offers Bullocks Inc. Stk

An investment banking group headed by Blyth & Co., Inc., on Oct. 8 offered to the public 80,000 shares of cumulative preferred stock, 4% series, and 108,750 shares of common stock of Bullocks, Inc., prominent Pacific Coast department store concern. The preferred stock is being offered at $103 per share and accrued dividends and the common at $28.75.

The common stock offered is a portion of a total issue of 237,775 shares against which the company issued subscription warrants to existing stockholders entitling them to subscribe for one new share of common stock for each four shares held. Warrants were purchased by the underwriters from certain stockholders and the stock being offered is obtained by exercising the rights which they represent. Bullocks, Inc., proposes to redeem the presently outstanding 5% cumulative preferred stock and retire certain notes payable and a mortgage loan out of the proceeds of the financing, but the principal purpose is to finance a program for development of retail store operations in new locations and expansion, modernization and improvement of various existing properties.

In addition to proposed modernization of certain of its Los Angeles buildings, the company has definite plans for the opening of a store in Pasadena, and its subsidiary, I. Magnin & Co., will remove its stores in San Francisco, Beverly Hills and Santa Barbara to new locations in those cities. It is estimated that the cost of the entire program will be approximately $12,000,000.

Best known among the company's chain of stores are Bullock's Los Angeles and Bullock's Wilshire (Los Angeles), the former being a general department store and the latter a retail specialty store. Bullock's also operates apparel stores in Westwood Village, Los Angeles and Palm Springs, Calif.

I. Magnin & Co. operates eight retail specialty stores on the Pacific Coast, the most important being I. Magnin, San Francisco, and I. Magnin, Los Angeles.

Kuhn Loeb Offering of Mexican Electric Shares Oversubscribed

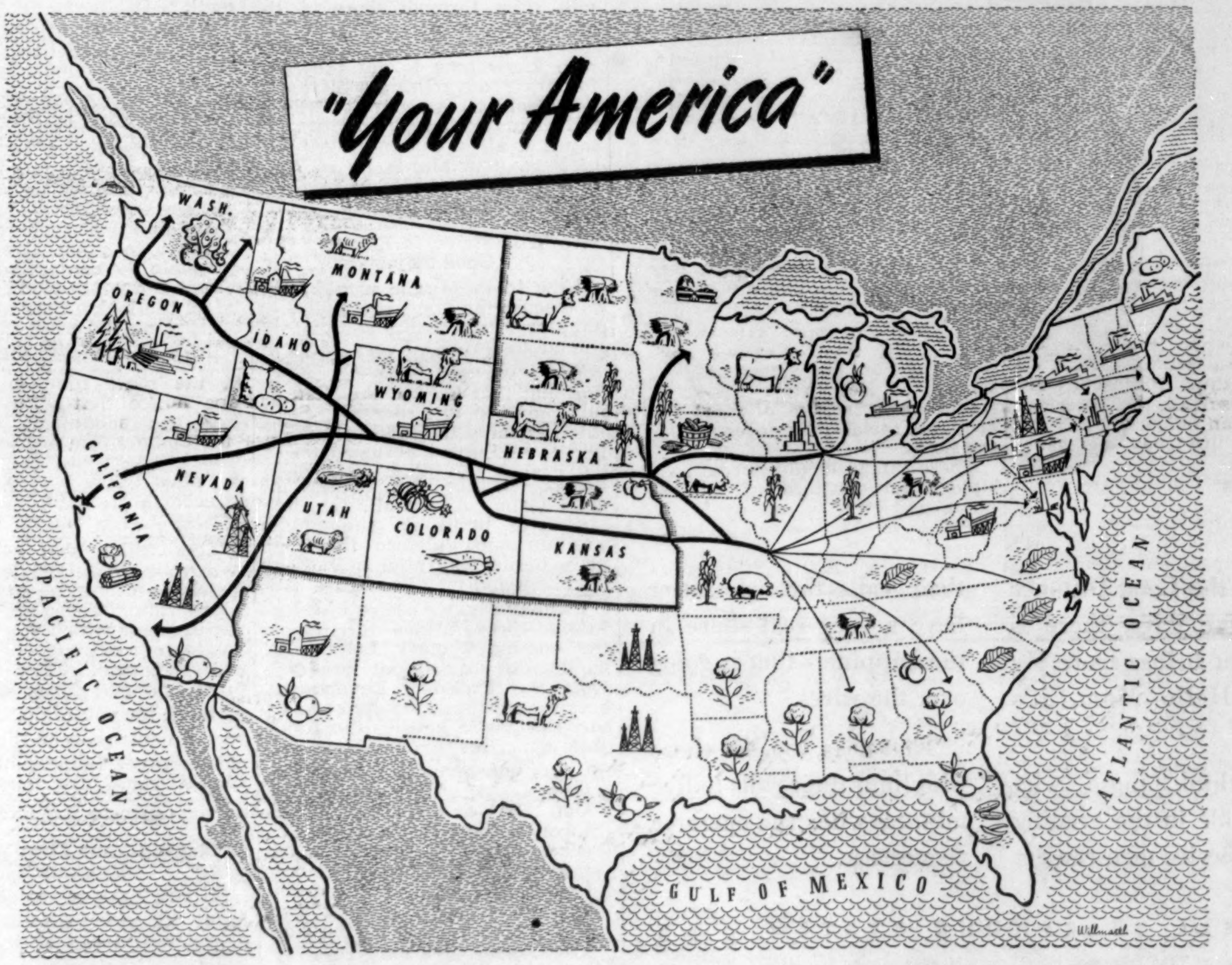
Offering by Kuhn, Loeb & Co. and associates of 197,500 American shares of Industria Electrica de Mexico, S. A. was oversubscribed and the books closed Oct. 9. The offering, the first major foreign industrial issue sold in the United States since the war began, was priced at $23 a share.

Simultaneously with the American offering, 225,000 additional shares were offered in Mexico by a group headed by Banco Nacional de Mexico. Proceeds from the two offerings, together with a $5,000,000 bond subscription by a Mexican government agency, will be used to establish that country's largest privately-owned industrial corporation in a new industry.

The new company, having capital of approximately $15,000,000, will acquire agencies already engaged in importation of American electrical products in Mexico and also will build a modern plant near Mexico City for local manufacture of electrical products, principally under Westinghouse licenses.

J. R. Power Mgr. of Bache Boston Branch

BOSTON, MASS.—Bache & Co. announce that John Russell Power has been appointed manager of their main Boston office at 30 Federal Street. Mr. Power has been connected with the Bache firm for over 12 years. He began his career in the brokerage business in 1908 with Hayden, Stone & Co. He served as an Ensign in the Naval Reserve during World War I. He was a member of the Boston Stock Exchange from 1919 to 1932, and acted as a floor broker principally for Hayden, Stone & Co., Whitney & Elwell, Weld, Grew & Co., E. T. Kitchin, and others.



Map of "Your America" Showing Territory Served by the Union Pacific Railroad

For more than 75 years, Union Pacific has served eleven western states . . . been a partner in their development . . . transported their people and products. This vast territory produces a great variety of agricultural products which not only feed and clothe the nation but are converted into a myriad of industrial uses.

The same eleven states also are a source of other industrial materials such as ores, minerals, lumber and petroleum. Rivers have been harnessed—providing irrigation and power. There is dependable rail transportation.

This vast western area nas materials and facilities required for postwar expansion. There is plenty of space for such expansion and for homeseekers who desire a healthful contented life among friendly people in scenic surroundings.

* * *

Union Pacific . . . the Strategic Middle Route, uniting the East with the mid-West and Pacific coast . . . will, upon request, gladly furnish information regarding available industrial and mercantile sites or farm lands in the territory the railroad serves. *Address Union Pacific Railroad, Omaha, Neb.*

THE PROGRESSIVE
UNION PACIFIC
RAILROAD

UNION PACIFIC

Bernard J. Conlon Still Trading Mgr. for Fox

Bernard J. Conlon is still on the job as manager of the trading department for P. F. Fox & Co., 120 Broadway, New York City. Confusion has arisen because of the similar name of Bernard J. Conlin who recently bought a seat on the New York Stock Exchange and joined Bond, McEnany & Co. as a partner.

McCarley Returns to Staff Of McAlister Smith Pate

ASHEVILLE, N. C.—McAlister, Smith & Pate, Inc., announce the return of J. Nathan McCarley, Jr. as their representative in Western North Carolina. Mr. McCarley, who has been serving in the Army Air Forces for the past three and one-half years, will make his headquarters at Albermarle Park, Asheville.

"Hello Mom, It's Me!"

Of all the Long Distance calls these days, there is none that brings more joy than—"Hello Mom, it's me!"

We think those who stand aside in the evening so that service men can get their calls through faster have a very real share in the happiness that is going over the wires.

That goes, too, for those who limit their calls to five minutes when the operator requests it.

BELL TELEPHONE SYSTEM

Listen to "The Telephone Hour" every Monday evening over NBC

The NYSE Public Relations Goal

(Continued from page 1697)

"We Have a Long Story to Tell"

Perhaps that is why some members think our copy is too long, too much for readers to wade through—while others think we should discuss more subjects in the same area of white space. Another comment which we are considering is that our messages are too lofty, too stratospheric, too much like prose poems—while one anonymous critic writes: "This stinks!"

To those who have misgivings about our first four messages, let me say this: We have a long story to tell, and it will take a long time to tell it. There are more facts to be brought out about us than there are to be told about almost any organization I can think of. To make our story *stick*, it must be understood. This understanding must be the foundation of *belief*. Belief in *us!* Belief in us will *not* be built into the public mind by the mere assertion of our integrity. Our job is not quite that simple.

No, we are *not* too much concerned about long copy. If you will skim through some of the national magazines you will find that many experienced advertisers who know how to get the most for their advertising dollar are not afraid to use many words to tell their story. I do not mean to say that all of our messages will be long. Our aim is, by constant effort, to make them as brief, as arresting, as possible.

"We Will Strive to Enhance Our Good Name"

Now to those who would have us discuss the "nuts and bolts" of our story, I can assure you that we intend to do so. Every facet of the story will be discussed as the campaign progresses. We will attempt to be practical as well as inspirational. We will be technically accurate and meticulously honest. We'll do some breast-beating—within the bounds of good taste. Above all, we shall strive to build up the public position and enhance the good name of our institution and of our members and member firms.

Incidentally, we are making extensive preparations to support the coming Victory Loan. We would do so without prodding from the Treasury Department, because we think we ought to do so. But we're getting the prodding, too. Here's a sample:

> "As you know, our final Victory Loan will start around Oct. 29, and probably run through the first week in December. Inasmuch as this is the last of the big organized war loan campaigns, I wish that you would give some thought to a bang-up promotion by the New York Stock Exchange."

Our Victory Loan advertisement and other advertisements this year are scheduled to appear in a coast-to-coast list of 400 newspapers with an aggregate circulation of 38,000,000. In addition, they will appear in the following national magazines with a total circulation of 16,650,000: "Saturday Evening Post," "Collier's," "American Magazine," "Atlantic Monthly," "Country Gentleman," "Editor and Publisher," "Farm Journal," "Harper's," "Look," "News Week," "The Publishers Auxiliary," "United States News," "American Press," "The Pathfinder."

Our Victory Loan message is tied in with the Thanksgiving theme and captioned "After the harvest . . . what?". You will receive advance proofs within a few days.

Speaking of advance proofs, I was shocked the other day when a member told me he had never seen a proof of any of our advertisements—nor had he received any correspondence from the Exchange relative to the advertising program. For some reason he had not been seeing all of his mail.

I hope that gentleman's experience is the exception and not the rule. For we must rely on correspondence to keep you informed on what we are doing, when we are doing it, and what you can do to reap maximum benefits from our national program. We assume the responsibility for *sending out* the correspondence—but we can *not* guarantee that it will get through to your attention. To complete the contact between our offices and yours, won't you please be on the lookout for all material bearing on the program?

In addition to the advance proofs we are making available to all member firms regular monthly adaptations of each Exchange advertisement. There are enlargements for display in your offices. Win Smith suggested that the Exchange assume the cost for these, and we are going to do so in the future. There are small folders which you can enclose with your monthly statements and distribute otherwise as you deem appropriate. There are small advertisements which you may publish in your newspapers over your own signature. They are all in proof and mat form, so there is no work for you to do. These advertisements re-echo the theme of our message. Some quote directly from our message. Others make no reference to the Exchange.

"Identify Your Firm With the Program"

So you have a variety of material at your disposal. What you do with this material is up to you. In general, I believe our program will be most beneficial for the firms which exert the greatest effort to capture some of its benefits. I know that I personally wouldn't miss *one* opportunity, if I was head of a member firm, to identify my firm name in some way with this program. For the program *is* beginning to get attention. It *is* making sense in important places out around the country—among members of Congress, Governors of States, highly placed officials in Washington, and among your customers. It *is* your program. And it *is* up to you to make the most of it to the extent that you approve of it as we go along.

Visitors' Gallery Open

You will be interested, I think, in some additional steps we have taken and which we have in mind. This morning the gallery of the Stock Exchange was thrown open to the public. You will recall that it was closed, under certain restrictions, after our entrance into the war. A trained staff of intelligent young women will welcome visitors. Before the gallery was closed because of war conditions we had from 600 to 1,500 visitors daily. The reception of visitors is an important aspect of our public relations and, now that the gallery is open again, we intend to make the most of the opportunity.

We are in the initial stages of building a new sound motion picture, which we hope will have high entertainment value, in addition to sound information about the Exchange and our business. One important use of this picture will be its exhibition to visitors to the gallery. If we can find suitable space near the gallery we hope to build a miniature theater to accommodate perhaps 75 persons at a time. Incidentally, duplicates of this motion picture will be made available to our member firms and to our Governors and your Governors for exhibition in various sections of the country. In addition, we will provide a separate method of distribution of the pictures in order to reach the largest audience possible. We have in mind, also, the preparation of slide films, which your speakers' bureau, as well as members and allied members, could use to illustrate addresses before various organizations.

Now that there is more paper available we are planning to enlarge "The Exchange Magazine" and its circulation. Because of the shortage of magazine paper we have been obliged to limit both the sizez and the circulation of the magazine.

I am glad to have had this opportunity to tell you about our public relations activities and plans, and I know that we are going to have your much needed cooperation—and cooperation includes criticism, which we will welcome at all times.

Liberty Aircraft Products Corporation

Farmingdale, Long Island

Suppliers of precision parts to the Aircraft Industry

Record Construction Boom Forecast

(Continued from page 1690)

satisfy themselves that present cost levels are not temporary.

"My view is that war financing and spread of purchasing power have put this country on a generally higher price level. Any prediction about prices is extremely hazardous, but I seriously question whether construction costs will be lower in the future than at present. I hope they won't go very much higher and that we will avoid a high peak and a deflation afterwards."

Emphasizing the preponderant need for residential building, Mr. Holden said that "residential building represents the most urgent need. Here, as elsewhere, the housing shortage is acute. It was recently reported that there were only 2,000 vacant dwelling units in all apartments and houses, exclusive of old-law tenements, in the five boroughs of New York City—a vacancy rate less than one-tenth of 1%.

"Only recently the Citizens' Housing Council issued a report describing New York's housing shortage as being so urgent as to require the erection of temporary buildings to meet the situation. Doubtless, other urgent needs exist, but it is difficult to see what could be more important than this."

Predicting a five-year boom of unprecedented dimensions, Mr. Rheinstein said that:

"In my opinion, a greater volume of construction will be undertaken during the next five years than has ever before been completed in a like span in this country; and New York City will have its share. Public works alone as planned by the city about two years ago were estimated at a billion and a quarter dollars. Private enterprise construction can exceed that many times. We should easily surpass New York's all-time peak of $1 billion attained back in 1926.

"The vacuum formed by the acute housing shortage will be filled by a rush of residential construction. Office buildings and institutional work are planned on a grand scale. The large private hospitals have major building programs; established department stores are actually building or planning additions or large structures in new locations. New construction generally will be provided to replace obsolete buildings, to meet the requirements of new enterprises and to satisfy the needs accumulated since 1929. In addition, there is waiting to be performed an abnormal volume of maintenance and repair work deferred during the depression and the war period."

The dangers of inflation were also pointed out by Mr. Rheinstein, who said that "the most obvious and greatest danger of a boom is inflation. The stage is set for speculators to exploit scarcity, for labor to demand high wages, for combinations of manufacturers and groups of subcontractors to "jack up" a floor under prices. Where there is excited competitive bidding for scarce commodities and trained men, not only do prices rise but quality suffers. Then there is additional outlay to operate and maintain buildings of poor workmanship and unsound materials. Abnormally high prices would defer much substantial long-range work and put a premium on temporary expedients promising immediate profits, thus further undermining quality and suitability and adding to the burden of the future."

Mr. McSpedon, representing the trade unions, emphatically pointed out the necessity for the Government to expedite the flow of materials.

"How soon can work be started?" he said. "The answer lies in the availability of equipment and materials. The manpower is already available and is being augmented from day to day by the thousands of construction workers who are returning here from war construction projects elsewhere and from various units of the Armed Forces. These men are returning at a very rapid rate and we sincerely hope that enough construction work will be available to employ them all.

"Due to government wartime restrictions we are told it will take several months before enough material and equipment is available. True, the Government has declared all restrictions on building material lifted as of Oct. 15, but that marks only the beginning of the resumption of manufacturing material and equipmen. Meantime, we must depend on the very limited supplies now available.

"For the past three years, our Council, composed of some 104 local unions of all building trades, has worked jointly with the Building Trades Employers' association here to keep our industry alive. We presented a comprehensive plan, looking ahead to the present time, to the War Production Board. In joint appearances before Governmental agencies, we warned that unless something was done to expedite the flow of building materials. several months to a year would elapse, at the war's end, before a great number of construction men could be employed. We received some cooperation from the Labor Division of the WPB, yet the fact remains that aside from some immediate alteration work, there is little chance of any great volume of new construction starting before late spring or summer of 1946."

Pointing out Governmental dereliction in refusing to release materials for housing construction, Mr. McSpedon continued, "our Council foresaw this housing shortage over two years ago. We therefore created a joint committee with the Building Trades Employers' Association to try to prevent it. The committee informed proper Government authorities of the shortage that was sure to come (and which exists today) and pointed out the need for releasing materials to permit some immediate housing construction. Despite the fact that plans were ready, financial arrangements complete, workers were unemployed, and the shortage growing more acute, it was impossible to secure the release of these necessary materials. Despite our best efforts to avoid or at least minimize the shortage, the Governmental agencies did not see fit to direct some flow of building materials to the construction industry."

In answer to a question as to the size of the labor force presently available in New York City, Mr. McSpedon replied that "the indications are that approximately 30,000 building trades mechanics who had to leave New York to locate on war construction projects are returning. In addition, there are about 40,000 we helped recruit for the Seabees, Army Engineers and other Armed Forces units, now returning. Of our membership, at the present time, more than 100,000 are eagerly waiting to start work. This makes a total of about 170,000 building and construction workers available."

Mich. Group of IBA Elects New Officers

DETROIT, MICH.—At the annual meeting of the Michigan Group of the Investment Bankers Association of America, Oct. 2, 1945, Fred A. Bargmann, of Braun, Bosworth & Co., was elected Chairman; William C. Roney, of Wm. C. Roney & Co., Vice-Chairman, and Harry E. Thurston, of Watling, Lerchen & Co., was again elected Secretary-Treasurer.

In addition, Ray Murray, National Bank of Detroit; Ralph Simonds, Baker, Simonds & Co.; Cyrus H. King, Merrill Lynch, Pierce, Fenner & Beane, along with Oscar Buhr, Detroit Trust Company; Merle Bowyer, Paine, Webber, Jackson & Curtis, and Douglas H. Campbell, of First of Michigan Corp., were elected Directors for the ensuing years. Harold Chapel, Chairman for the past year, will remain as ex-officio Director.

W. S. Gilbreath, Jr., President of First of Michigan Corp., Governor-elect, addressed the meeting along with the guest speaker of the evening, Charles S. Garland, the latter being President-nominee of the Investment Bankers Association of America.

Robert Chapin Dead

Robert Cushman Chapin died at his home at the age of 52. Mr. Cushman before his retirement three years ago was associated with Dominick & Dominick, 14 Wall Street, New York City, as broker.

WE STAND FOR BEAUTY

AND

FOR A BEAUTIFUL WORLD

Bread, without liberty, is the slave's lot.

Booms and depressions make for a bad and ugly world.

The League of Nations has just issued a remarkable book: "Economic Stability in the Post War World." It could be an intelligent guide toward a better world, if only the statesmen would follow the principles outlined therein with an unbiased and sound judgment.

All statesmen and all responsible citizens should read this book.

Our thanks go meanwhile to the League of Nations for such a valuable contribution towards a better and and more beautiful world.

COTY INC.

PUBLISHED IN THE PUBLIC INTEREST

Republic Pictures
Corporation
NEW
Debenture Income 4s, 1965
Preferred
Common
(When as and if issued)

ERNST&CO.
MEMBERS
New York Stock Exchange and other
leading Security and Commodity Exchs.
120 Broadway, New York 5, N. Y.
231 So. LaSalle St., Chicago 4, Ill.

Specialists in
RAILROAD
SECURITIES
Selected Situations at all Times

B. W. Pizzini & Co.
GUARANTEED RAILROAD STOCKS-BONDS
INCORPORATED
25 Broad Street New York 4, N. Y.
Telephone BOwling Green 9-6400
Teletype NY 1-1063

Robert Woods Joins Dean Witter in N. Y.

Dean Witter & Co., investment bankers, members of the New York Stock Exchange, announce that Robert J. Woods has joined them as manager of the commodity departmnt in the New York office, 14 Wall Street. This is in line with the firm's plans to expand its operations in the commodity field. Mr. Woods has been active in the commodity markets for many years and in all sections of the country. For the last 13 years he has been associated with Paine, Webber, Jackson & Curtis and its predecessor firms.

Horan & Grischy to Open in Cincinnati

CINCINNATI, OHIO—Ray J. Horan and Clifford H. Grischy will shortly form Horan & Grischy with offices in the Union Trust Building. Mr. Horan was formerly a partner in Edward Brockhaus & Co., with which Mr. Grischy was also associated.

Virginian
Corporation
5s, 1952

Adams & Peck
63 Wall Street, New York 5
BOwling Green 9-8120 Tele. NY 1-724
Boston Philadelphia Hartford

Railroad Securities in Peace Time
An Address by Patrick B. McGinnis
Copies on WRITTEN request

PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway New York 6
Telephone—DIgby 4-4933 *Bell Teletype—NY 1-310*

Railroad Securities

The Shippers' Advisory Boards came out over last week end with their estimates of freight car loadings for the fourth quarter of 1945. For the country as a whole the outlook appears relatively favorable with a decline of only 6.1% from the like 1944 interval looked for. However, prospects vary widely as between the various sections of the country. Three of the boards anticipate a higher volume of freight car loadings than in the final quarter of 1944. A rise of 6.4% is estimated for the Pacific Coast area, a rise of 1.8% for the Central Western area and a nominal rise for the Trans-Missouri-Kansas area. The other ten areas look for declines ranging from 1.9% in the Mid-West area to 23.5% in the Southwest. With the exception of the latter all of the various regional Boards anticipate freight car loadings less than 9% below a year ago.

If the estimates of the Boards turn out to be realistic it will mark a sharp reversal of the trend generally looked for among followers of railroad securities, and a narrowing of the year-to-year declines of the past two months. The downward trend of freight car loadings, as compared with a year ago, got under way in June with a nominal decline followed by a drop of 2.4% in July. In August the spread widened to 8.3% with a modest improvement to 7.7% last month. Considering the labor situation, and particularly the implications on some of our major industries of scattered stoppages in the bituminous coal fields, it seems likely to many statisticians that the fourth quarter will witness a widening rather than a narrowing of the year-to-year spread in car loadings.

Regardless of the extent of the decline in car loadings there appears to be little question but that revenues will show an even wider drop. Loading of cars is apt to be less heavy now that the strains of a war economy have been removed. In many instances high tariff war goods will be replaced by traffic carrying a lower rate. With the movement of war goods the entire width of the continent in many cases, the average haul throughout almost the entire industry has increased materially in the past few years. With a gradual return to a peace economy it is natural to assume that the average haul will be shorter with a consequent decline in the average revenue per ton. Finally, passenger business in many sections of the country has been dropping off at an appreciably faster rate than freight traffic. On a decline of 8.3% in freight car loadings in August gross revenues were off 9.7% and it is likely that this differential will become larger in coming months.

In the latest two months for which statistics are available, July and August, net operating income of Class I Carriers as a group has been running below the level of 1941 or of any year since then. The decline in July amounted to 8.7% and in August to 22.2%, bringing the cumulative increase in net operating income for the first eight months of 1945 over the like months of 1941 to only about 10%. On the basis of the present outlook, then, it now looks as if net operating income for the full year 1945 will fall below $1 billion for the first time since 1941 and will be below the level of that year.

A decline in net operating income below the 1941 level despite gross revenues indicated almost two-thirds higher will be only in part due to the increase in wages and material and fuel costs with which the carriers have been burdened in the interim. Earnings this year as compared with the pre-war performance are distorted by the change in accounting whereby way and structures must now be depreciated. While this is not a cash outlay it will be a permanent factor in earnings. Current earnings also reflect amortization of defense projects which could be written off over a period of 60 months instead of at the normal depreciation rates. This is only a temporary earnings influence, ended late in September by proclamation of President Truman. The final distortion in comparing 1945 with 1941 earnings is in the tax bill. It is estimated that tax accruals, including Federal income and excess profits taxes, this year will run approximately $1 billion higher than in 1941. To some extent this should be alleviated by the beginning of next year through reduction in, or complete elimination of, the excess profits tax.

KEYES FIBRE
Class A and Common
EXPRESO AEREO
CHICAGO RAILWAYS
5's-27 (25% Pd.)

l. h. rothchild & co.
Member of National Association of Securities Dealers, Inc.
52 wall street n. y. c. 5
HAnover 2-9072 tele. NY 1-1293

Chicago, Milwaukee, St. Paul &
Pacific Railroad Co.
We will discount profits and assume losses
in the above "when issued" contracts.

SUTRO BROS. & CO.
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone REctor 2-7340

Exchange Considers Admitting Corporations

Emil Schram, President of the New York Stock Exchange, announced on Oct. 9, that consideration of the advisability of permitting member firms to do business in a corporate form had been resumed.

The matter has been discussed by the Board of Governors; and the staff of the Exchange, at the Board's direction, has undertaken a new study which will be presented to the Board later.

In announcing that the study was being undertaken, Mr. Schram said:

"The essence of the plan most widely discussed is to permit a presently existing member firm to incorporate its business under such restrictions as the Exchange deems necessary to continue to exercise the same control over the corporation as it now does over the member firm. The corporation would be subject to at least as rigorous regulations for the protection of the public as the firm is, such as maintenance capital requirements, audits, registration of registered representatives, etc. In addition, there would be, initially, greater capital requirements and required bonding of officers.

"To insure the same control over the owners and management of the corporation as the Exchange exercises over partners of firms, the officers, directors and voting stockholders would have to be members or allied members of the Exchange and the non-voting stockholders would have to be passed upon as limited partners are now."

Sidney Hook V.-P. of First California

SAN FRANCISCO, CALIF.—The appointment of Sidney B. Hook as Vice-President in charge of the Southern California Underwriting Department of the First California Co., 300 Montgomery Street, has been announced by George H. Grant, President.

Mr. Hook has been engaged in the investment banking business in California for the past 25 years. He has recently been with Dean Witter & Co. and Morgan & Co.

NOTICE OF REDEMPTION

To the Holders and Registered Owners of

Southern Pacific Railroad Company

First Refunding Mortgage Gold Bonds, Due January 1, 1955.

NOTICE IS HEREBY GIVEN that, in accordance with the terms of the said Bonds and of the First Refunding Mortgage dated January 3, 1905, executed by Southern Pacific Railroad Company and Southern Pacific Company to The Equitable Trust Company of New York, as Trustee (under which Mortgage The Chase National Bank of the City of New York is now Successor Trustee), Southern Pacific Railroad Company has elected to exercise its right to redeem, and will pay and redeem on January 1, 1946, all of the Southern Pacific Railroad Company First Refunding Mortgage Gold Bonds, due January 1, 1955, outstanding under and secured by said First Refunding Mortgage at 105 per cent. of the face value thereof, with accrued interest thereon to January 1, 1946.

On January 1, 1946, there shall become and be due and payable upon all of said Bonds, at the agency of the Railroad Company, namely, The Chase National Bank of the City of New York, Successor Trustee under said Mortgage, 11 Broad Street, New York 15, New York, the principal thereof, together with accrued interest thereon to January 1, 1946, and a premium of five per cent. (5%) upon the face value of said Bonds. From and after such redemption date of January 1, 1946, all interest on said Bonds shall cease to accrue, and the coupons for interest maturing subsequent to said date shall be and become void.

Holders and registered owners of the above-described Bonds should present and surrender them for redemption and payment as aforesaid on or after January 1, 1946, at said agency of the Railroad Company, with, in the case of coupon Bonds, all coupons maturing subsequent to January 1, 1946, attached. Coupons due January 1, 1946, may accompany said Bonds when presented for payment or may be presented for payment in the usual course. In the case of registered Bonds, where payment to anyone other than the registered holder is desired, the Bonds should be accompanied by proper instruments of assignment and transfer.

SOUTHERN PACIFIC RAILROAD COMPANY,
By J. A. SIMPSON, Treasurer.

Dated: September 26, 1945.

PREPAYMENT PRIVILEGE.

Holders and registered owners of the above-described Bonds desiring to receive prior to the redemption date payment of the full redemption price (including premium and accrued interest to January 1, 1946), may do so upon presentation and surrender of said Bonds in the manner prescribed in the foregoing notice, at The Chase National Bank of the City of New York, 11 Broad Street, New York 15, New York, the agency of the undersigned.

SOUTHERN PACIFIC RAILROAD COMPANY,
By J. A. SIMPSON, Treasurer.

RAILROADS IN
THE RECONVERSION PERIOD
Circular upon request

McLAUGHLIN, BAIRD & REUSS
Members New York Stock Exchange
ONE WALL STREET NEW YORK 5
TEL. HANOVER 2-1355 TELETYPE NY 1-2155

Flouting and Usurping The Legislative Function

(Continued from page 1691)

SEC and the NASD, in diminishing spreads and commissions, is directly opposed to what the Congress is trying to accomplish. We contend that the interests of small business are being completely ignored and that the securities markets will eventually virtually be closed to small enterprises as a result of such activities.

Congress could never have intended that so many thousands of individuals, the traders, salesmen, employees, etc., who are now required to register with the NASD under the most recent amendment, should not be consulted. In this country we are not accustomed to see restraint placed upon a person's right to his job, particularly without giving that person some say in the matter. Such procedure is abhorrent to our free institutions. Nevertheless, that is exactly what has happened as a result of the passage, by questionable methods, of the recent NASD by-law amendment.

Representatives of the securities field must now look intently to their political fences with a view to maintaining them. The Congress must be made cognizant of the flouting and usurpation of its powers by the SEC and the NASD.

Both of these bodies should be compelled to toe the mark through the medium of a Congressional investigation.

When the Securities and Exchange Commission applies to the Congress for appropriations to continue its activities, those activities should be carefully checked and no appropriation made for the continuance of those branches of the work which are against the public interest.

Whilst the administrative bodies in the securities field have been wooing the Congress, those whose livelihoods are directly affected have been particularly derelict in their duty, inasmuch as they have ignored this phase.

Congress has many burdens. It tries to serve and to do a thorough job. The hardships under which the securities field is laboring must be brought to its attention. Details concerning the numerous ways in which the authority of Congress is being flouted by the SEC and the NASD must be continuously publicized.

All those who are adversely affected must get behind a movement to force a Congressional investigation of the Securities and Exchange Commission and the NASD and also to promote immediate remedial legislation.

THE IMMEDIATE REPEAL OF THE MALONEY ACT WOULD BEST SERVE THE PUBLIC INTEREST.

NOTICE OF REDEMPTION

to the holders of

NORTHERN PACIFIC RAILWAY COMPANY

REFUNDING AND IMPROVEMENT MORTGAGE 6% BONDS,

SERIES B, DUE JULY 1, 2047

NOTICE IS HEREBY GIVEN that Northern Pacific Railway Company has elected to redeem and pay off on January 1, 1946, all of the above-mentioned Refunding and Improvement Mortgage 6% Bonds, Series B, at 110% of their principal amount, together with accrued interest on such principal amount to said date, in accordance with the terms of said bonds and the provisions of Article Ten of the Refunding and Improvement Mortgage, dated July 1, 1914, from Northern Pacific Railway Company to Guaranty Trust Company of New York and William S. Tod, Trustees, and that on January 1, 1946, there will become and be due and payable upon each of said bonds at the office of J. P. Morgan & Co. Incorporated, in the Borough of Manhattan in The City of New York, N. Y., the principal thereof, together with a premium of 10% of such principal amount, and accrued interest on such principal amount to said date. From and after January 1, 1946, interest on said bonds will cease to accrue and any coupon for interest appertaining to any such bond and maturing after said date will become and be null and void.

Coupon bonds should be presented and surrendered for payment and redemption as aforesaid with all coupons payable July 1, 1946, and thereafter attached. Coupons due January 1, 1946, may be detached and presented for payment in the usual manner. Interest due January 1, 1946, on fully registered bonds will be payable only upon surrender of such bonds for redemption. Registered bonds, in cases where payment to anyone other than the registered owner is desired, must be accompanied by proper instruments of assignment and transfer.

NORTHERN PACIFIC RAILWAY COMPANY

By A. M. Gottschald,
Secretary

New York, N. Y., September 26, 1945

OFFER OF PREPAYMENT

Holders desiring to receive immediate payment of the full redemption price including interest to January 1, 1946, may do so upon presentation and surrender of said bonds at the office of J. P. Morgan & Co. Incorporated, in the Borough of Manhattan in The City of New York, with the January 1, 1946, and subsequent coupons attached.

OUR REPORTER'S REPORT

The institutional bidder came back to plague the investment banking world this week after an absence of many months. What happened merely served to give bankers another illustration of what they would be up against if these huge investment organizations were not concerned with the element of diversification as well as yield.

The situation was the more ironic since it involved a bond issue of the Pennsylvania, Detroit & Toledo Railroad one of whose undertakings, about a year ago, brought on the fight by middle western banking interests to have all railroad financing made subject to competitive bidding.

Equitable Life Assurance Society, bidding only for its own account, outdistanced three banking groups which sought the issue of $31,873,000 of new bonds of the road bidding 99.01 for the issue with a 2⅞% coupon. This just simply pushed the bankers out of the picture even though they were bidding pretty close to the market for the loan.

Their bids, all for a 2⅞% coupon, ranged from a low of 98.059 to a high of 98.179, but to no avail. There was no tendency to rush to the wailing-wall, however, since bankers recognize that this is bound to happen from time to time.

As one of their number put it "the insurance companies are just as close to the market as we are and, accordingly, they have a good idea of what the bids and the prospective reoffering price would be. So, they have only to figure a price just in-between, and we are out."

A Bit On The Slow Side

The job of marketing Southwestern Bell Telephone Co.'s $75,000,000 of new 2¾% debentures was reported proving a bit slow in dealer circles. The yield of around 2.67% afforded buyers on the price of 101.83 was regarded as a trifle too close to the market, although it was expected the issue would move out in good time.

While noting the low yield, observers were naturally inclined to remark the quality of the issue, and to point out that the high rating accorded the loan assured its placement.

For the moment, however, institutional buyers to whom it must pass in large measure, were reported a bit on the cool side. This went for the insurance companies and the banks and trust funds as well, particularly those among the latter which must consider the tax angle.

High-Grades Strong

The high-grade market is reported, if anything, stronger than it has been at any other time, although the volume of day-to-day business which is the dealers' stock in trade, is rather sluggish.

But the behavior of a few of the railroad new issues of recent date is indicative of the general situation. Northern Pacific's new 4½s, brought out several weeks ago at par and which proved a bit slow at the start, are now in good general demand, according to dealers and are quoted currently at 102 bid to 102¼ asked.

Another of the relatively recent undertakings, Louisville & Nashville Railroad's $53,119,000 of series G 2⅞s also has staged quite a comeback following a dip upon the dissolution of the offering syndicate. Brought out early in July at 98½ this issue was quoted, subsequently, as low as 95¼, but it is now moving around 97 to 97½.

Celanese Corp. Debentures

Celanese Corp. of America's $40,000,000 of new 3% debentures met a generally good reception upon public offering yesterday, it was reported in investment circles.

Funds from this offering together with cash realized from the sale of 157,945 additional common shares, are to be applied to redemption of the company's outstanding 3½% debentures with a consequent saving of interest costs.

The balance above such requirements will be added to general working funds to provide the company with additional capital for its postwar expansion program.

Pacific Gas Registers

Although still contending it should be exempt from the Holding Company Act, now that North American Co. holds less than 5% of its capital stock, Pacific Gas & Electric Co. has filed registration with the SEC for its proposed issue of $49,000,000 of new mortgage bonds.

The California Railroad Commission last week, ordered the issue sold at competitive bidding, despite the company's protestations of its changed position.

GREAT NORTHERN RAILWAY COMPANY

General Mortgage Gold Bonds

SERIES E, 4½%, DUE JULY 1, 1977

Great Northern Railway Company has irrevocably directed The First National Bank of the City of New York to publish appropriate notices calling for redemption on July 1, 1947 the entire issue of the above mentioned Series E Bonds then outstanding at 105% of principal amount plus accrued interest to said date.

Great Northern Railway Company hereby offers to purchase said Series E Bonds from the holders thereof up to and including December 31, 1945, excluding Saturdays, Sundays and holidays, at prices dependent on the date of delivery for purchase, such prices decreasing from 111.99% of principal amount as to Bonds delivered on September 24, 1945 to 110.93% of principal amount as to Bonds delivered on December 31, 1945, to yield in all cases ½% to July 1, 1947, the date of redemption. Accrued interest at 4½% per annum from July 1, 1945 to the date of purchase will be added in each case. The Company has prepared a table showing the price so payable as to Bonds delivered on each day (other than Saturdays, Sundays and holidays, which days are not delivery dates) from September 24, 1945 to and including December 31, 1945 and will be glad to advise bondholders thereof upon request. Holders of said Series E Bonds desiring to accept this offer should deliver their Bonds with all unmatured appurtenant coupons to The First National Bank of the City of New York, at its office, No. 2 Wall Street, New York 15, N. Y. against payment of the purchase price and accrued interest as aforesaid.

SERIES I, 3¾%, DUE JANUARY 1, 1967

Great Northern Railway Company has irrevocably directed The First National Bank of the City of New York to publish appropriate notices calling for redemption on January 1, 1946 the entire issue of the above mentioned Series I Bonds then outstanding at 104% of principal amount plus accrued interest to said date.

Holders of said Series I Bonds may immediately obtain the full redemption price thereof including accrued interest to January 1, 1946 by surrendering such Bonds with all unmatured appurtenant coupons to The First National Bank of the City of New York, at its above mentioned office.

GREAT NORTHERN RAILWAY COMPANY
By F. J. GAVIN, President

St. Paul, Minnesota,
September 24, 1945.

We take pleasure in announcing that

Lt. Comdr. Edward G. Wyckoff, Jr. (U.S.N.R.)

has become associated with us as

Middle Eastern Representative

with headquarters at

1411 Walnut Street
Philadelphia 2, Pa.
Telephone: Locust 0359

Lord, Abbett & Co.
INCORPORATED
63 Wall Street, New York

CHICAGO ATLANTA LOS ANGELES

October 9, 1945

We are pleased to announce the election of

MR. PAUL BARTHOLET

as Executive Vice President of

MANHATTAN BOND FUND, INC.
NEW YORK STOCKS, INC.
HUGH W. LONG AND COMPANY
Incorporated

and his admittance as a General Partner of

MANHATTAN RESEARCH ASSOCIATES

HUGH W. LONG and COMPANY
Incorporated
48 Wall Street, New York

Mutual Funds

"Metals in the Ground"

"Is post-war inflation coming?" asks **Hugh W. Long & Co.**, in a new folder on the **Metals Series** of **New York Stocks, Inc.** Charts are used to show that, "inflation has accompanied or followed every major war in the history of this country." The conclusion is drawn that, "inflation seems inevitable; only the extent to which it can be controlled appears open to question."

While the folder emphasizes that there is no perfect hedge against inflation, it points out that the shares of metal and mining companies furnish one of the most widely-used means of protection. "First, because ore in the ground is an asset which should increase in value as prices rise. Second, because prices of metals shares are volatile."

"Growing with American Industry"

Investors Syndicate has sent us a revised copy of the 148-page brochure, "Growing with American Industry," which analyzes each of the companies represented in the portfolio of **Investors Mutual.** This unique booklet does about as good a job of stressing the need for continuous, professional supervision of investments as anything we have seen. By the time the layman has thumbed through a work of this scope, he cannot help but realize the hopelessness of the individual investor's trying to do the job for himself.

Leveraging Income

National Securities & Research Corp., in a current issue of "National Notes," shows how leverage can be applied to increase one's investment income without accepting a large risk. Assuming a 3% current return on a $6,000 investment, "about one-third of the principal sum could be placed in National Speculative Series (estimated current return 7.9%). The net effect of this action would boost income from the current $180 (on $6,000 at 3%) to $278 ($120 on two-thirds at 3% plus $158 on one-third at 7.9%), or an increase of approximately 54%."

The higher income realized on National Speculative Series would have the protection of continuous, professional supervision and a broadly diversified portfolio of corporations which have been in business an average of 43 years.

* * *

Another memo from this sponsor is entitled "A Researched Stake in the Industrial Boom" and also stresses the importance of continuous, professional supervision as applied to **National Selected Groups Series.** This Fund currently provides an investment in 54 picked issues in the automobile, household and office equipment, building and railroad equipment industries.

"Each one represents a basic industry with dynamic possibilities. Each one produces not luxury products but items designed to meet basic necessities. In other words, shares in this series represent a researched stake in the industrial boom indicated for the next several years."

Low Priced Shares

"With industrial stock averages approaching their 1937 highs," writes **Distributors Group**, "increasing selectivity should be the watchword of appreciation-minded investors."

"Such investors should find an attractive answer in **Low Priced Shares.** This group, consisting of 57 carefully selected low-priced stocks, affords substantially greater opportunity for capital gain than most issues in the higher-priced fields."

A revised folder on this Group indicates that the stocks currently held by Low Priced Shares would still have almost 50% to rise before reaching 1936-37 highs as against less than 10% for the Dow-Jones Industrial Average.

Wellington Fund

Preliminary quarterly data and investment changes on **Wellington Fund** show total net assets at a new high of $22,990,720 as of September 30.

During the third quarter, the equity portion of this Fund (representing common stocks and certain bonds and preferred stocks purchased primarily for appreciation) was increased to 64.21% of total assets as compared with 55.81% at June 30, 1945.

The principal increases in Wellington's equity position were made in industrial common stock holdings with favorable post-war prospects; the major increases appearing in the automotive, building, container and merchandising groups and public utility holding company workout situations.

Fundamental Investors

In a new memorandum on **Fundamental Investors, Hugh W. Long & Co.** compares the wartime performance of this Fund with the record of the Dow-Jones Industrial Average.

The consistent results of Fundamental Investors in beating the averages are stressed as "the true test of competent management."

From the start of the war in September, 1939, to the bottom of the war market, April 28, 1942, the Dow-Jones Average was off 31% as compared with a decline of only 22% for Fundamental Investors. And in the rising market since 1942, the Dow-Jones Average rose 89% to V-J Day, while the asset value of Fundamental Investors increased 136%.

Railroad Equipment Shares

"Good business ahead for Railroad Equipment makers," writes **Distributors Group** in a mailing on **Group Securities Railroad Equipment Shares.** Reference is made to a recent survey by the Committee for Economic Development which forecasts production of freight cars and related equipment in 1946 at 114% over the level of 1939—and locomotive output at 130% above 1939. These indicated gains are much higher than those forecast for most other industries.

Revised folders on this Group illustrate by means of charts and text why the management believes "selected railroad equipment stocks are undervalued at current market levels" and why they should prove to be "one of the most attractive stock groups available today."

Wages

Lord, Abbett's current Investment Bulletin on **American Business Shares** discusses the spreading wave of strikes on the industrial front. Without taking sides as to the rights and wrongs of these labor disputes, Lord, Abbett points out that the average wage cost for the companies represented in American Business Shares amounts to only slightly more than 20% of the value of their products.

"Even in the unlikely event that union leaders get the full 30% increase for which they are asking, wages would still constitute but 27.6% of the value of the products produced by the American Business Shares companies."

Mutual Fund Literature

Lord, Abbett—Current issue of Abstracts listing portfolio changes during September and Composite Summary folder for October on Lord, Abbett-sponsored funds. . . . **Selected Investments Co.**—Current issue of "These Things Seemed Important." . . . **Distributors Group**—Current Railroad Equipment News; special month-end price comparison on **Group Securities. . . . Hugh W. Long & Co.**—Portfolio folder on **Manhattan Bond Fund** as of October 1. . . . **Keystone Co.**—Current Data folder for October on **Keystone Custodian Funds. . . . National Securities & Research Corp.**—Current issue of Investment. Timing analyzing the position of gold in the world economy; current portfolio memorandum showing changes made during September and Current Information folder for October on National-sponsored funds.

Dividends

Institutional Securities, Ltd.—A quarterly cash distribution of 20 cents per share on **Stock and Bond Group Shares** and a semi-annual cash distribution of 50 cents per share on **Aviation Group Shares**, both payable Nov. 30, 1945, to stock of record October 31.

Railroad Equipment Shares

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS' GROUP, INCORPORATED
63 WALL ST. · NEW YORK 5, N. Y

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WF FUND

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New York 5, N. Y.

Keystone Custodian Funds

★

Prospectus may be obtained from your local investment dealer or

The Keystone Company of Boston
50 Congress Street, Boston 9, Mass.

Paul Bartholet V.-P. of Hugh W. Long Co.

Paul Bartholet has resigned as executive director of the National Association of Investment Companies to become Executive Vice-President of two of its member companies, Manhattan Bond Fund, Inc., and New York Stocks, Inc., it is announced.

Paul Bartholet

Hugh W. Long & Co., Inc., 48 Wall Street, New York City, the underwriter for these and two other investment companies having total assets of over $70,000,000, also announced Mr. Bartholet's election as its Executive Vice-President and his admittance as a general partner of Manhattan Research Associates.

Mr. Bartholet first entered the investment company field in 1929 with Tri-Continental Corporation. Later, as Vice-President and Treasurer of the Tri-Continental group, he had an active part in the negotiations with Congressional committees and the Securities and Exchange Commission which led to the enactment of the Investment Company Act of 1940. He has headed the investment company association since its formation in 1940.

Col. Scarff Returns to Harriman Ripley

Colonel James G. Scarff has returned to his duties as Vice-President and director of "Harriman Ripley & Co., Inc., 63 Wall Street, New York City, after having served during the past three years with the Army Air Forces.

Dealer-Broker Investment Recommendations and Literature

(Continued from page 1695)

Reuss, 1 Wall Street, New York 5, N. Y.

American Forging and Socket—Circular—De Young, Larson & Tornga, Grand Rapids National Bank Building, Grand Rapids 2, Mich.

Arizona Edison Co.—Descriptive circular—Seligman, Lubetkin & Co., 41 Broad Street, New York 4, New York.

Also a detailed circular on **Foundation Co.; Fashion Park,** and **Wellman Engineering Co.**

Baker-Raulong Company—Analysis of condition and post-war prospects—F. H. Koller & Co., Inc., 111 Broadway, New York 6, N. Y.

Also available are analyses of **Liquidometer Corp., Delaware Rayon and New Bedford Rayon.**

Chanin Building Corp.—Circular—Walter Murphy, Jr. & Co., 49 Wall Street, New York 5, N. Y.

Also available is a report on **Savoy Plaza, Inc.**

Consolidated Cement Corp. Class A—Bulletin on recent developments—**Lerner & Co.,** 10 Post Office Square, Boston 9, Mass.

Also available are circulars on **Central Iron & Steel, Oregon Portland Cement.**

Consolidated Gas Utilities and **The Chicago Corp.**—Circulars—Hicks & Price, 231 South La Salle Street, Chicago 4. Ill.

Dunningcolor—Descriptive circular—J. F. Reilly & Co., 40 Exchange Place, New York 5, N. Y.

Also available is a memorandum on **International Detrola.**

Franklin Railway Supply Co.—Analysis—W. J. Banigan & Co., 50 Broadway, New York 4, N. Y.

General Industries Co.—Recent report — **Mercier, McDowell & Dolphyn,** Buhl Building, Detroit 26, Mich.

Also available a report on **National Stamping Co.**

General Public Utilities Corp.—Successor company to Associated Gas & Electric—Detailed study—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

Hajoca Corp.—Circular on interesting possibilities—Hoit, Rose & Troster, 74 Trinity Place, New York 6, N. Y.

Also available is a memorandum on **Thermatomic Carbon Co.** and a new analysis of **Panama Coca-Cola.**

Interstate Co.—Detailed study of the company which operates restaurants, serving the public at key transportation centers—Kneeland & Co., Board of Trade Building, Chicago 4, Ill.

Also memoranda on **North West Utilities Co.** and **Portland Electric Power Co.**

Jefferson Electric Co.—Study of position — Walston, Hoffman & Goodwin, 265 Montgomery Street, San Francisco 4, Calif.

Also memoranda on **Stanley Works, Steel Products Engineering,** and **The Trane Co.**

Johnson Automatics Inc.—Descriptive circular—du Pont, Homsey Co., Shawmut Bank Building, Boston 9, Mass

Jonas & Naumburg Corp. — Comparative figures on this and common stocks of two other active issues in the hat business—Syle & Co., 19 Rector Street, New York 6, N. Y.

Lamson & Sessions Co.—Study of outlook and speculative possibilities for appreciation for this company—Ward & Co., 120 Broadway, New York 5, N. Y. Also available are late memoranda on: **Great American Industries; Alabama Mills, Inc.; American Hardware; Douglas Shoe; TACA Airways; American Window Glass; Michigan Chemical; Lawrence Port. Cement; Oxford Paper; and Purolator Products.**

Le Roi Company — Study of common stock as a sound speculative purchase — First Colony Corporation, 70 Pine Street, New York 5, N. Y.

Also available are studies of **Pittsburgh Railways, Simplicity Pattern Co., Inc.,** and **Winters & Crampton.**

Liberty Aircraft Products Corp. and its affiliate, **The Autocar Co.** —Comprehensive report indicating interesting possibilities — Model, Roland & Stone, 76 Beaver Street, New York 5, N. Y.

Locomotive Firebox Co.—Circular discussing attractive post-war possibilities—Amos Treat & Co., 40 Wall Street, New York 5, N. Y.

Long Bell Lumber Co.—detailed brochure for dealers only—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

P. R. Mallory & Co., Inc.—Analytical discussion — **Steiner Rouse & Co.,** 25 Broad Street New York 4, N. Y.

Manufacturers Trust Co.—Brief comparative analysis — Thornton & Co., 60 Wall Street, New York 5, N. Y.

Maryland Casualty Company—Report—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

Micromatic Hone Corp.—Study —Parrish & Co., 40 Wall Street, New York 5, N. Y.

Midland Realization and **Midland Utilities Common**—Memorandum—Doyle, O'Connor & Co., Inc., 135 South La Salle Street, Chicago 3, Ill.

Midland Utilities and Midland Realization Company—A study of Values and Distribution, prompted by consensus of opinion pointing to near-term liquidation of utilities and realization companies—Fred W. Fairman & Co., 208 South La Salle Street, Chicago 4, Ill.

Also available are brochures and statistical information for dealers on **Garrett Corporation** and **Magnavox Company.**

Mississippi Glass Co. — Recent analysis—Caswell & Co., 120 South La Salle Street, Chicago 3, Ill.

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

National Terminals Corporation —circular—Adams & Co., 231 South La Salle Street, Chicago 4, Ill.

Also available is a memorandum on **Howell Electric Motors** and **American Service Co.**

Philadelphia & Reading Coal & Iron Co.—Recent developments—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Pollak Manufacturing—analysis —Raymond & Co., 148 State Street, Boston 9, Mass.

Also available is a study of **Baltimore & Ohio.**

H. K. Porter Company—analysis—Sills, Minton & Company, Inc., 209 South La Salle Street, Chicago 4, Ill.

Also available are statistical memoranda on **Liberty Loan Corporation; Maryland Casualty Co.,** and **Serrick Corporation.**

Public National Bank & Trust Company—Analysis—for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

Also notes on the Sept. 30, 1945, statement.

Schenley Distillers Corporation —Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation** 350 Fifth Avenue, New York 1 N. Y.

Southern Pacific System—Original analysis—A. W. Benkert & Co., Inc., 70 Pine Street, New York City.

Wellman Engineering Co. — Memorandum—Buckley Brothers, 1529 Walnut Street, Philadelphia 2, Pa.

Also memoranda on **Gruen Watch** and **Textiles, Inc.**

Lord Abbett Opens Philadelphia Office

PHILADELPHIA, PA.—Lord, Abbett & Co., Inc., sponsors of American Business Shares, Affiliated Fund and Union Trusteed Funds, are opening a Philadelphia office in the Philadelphia Stock Exchange Building at 1411 Walnut Street. The office will be under the management of Edward G. Wyckoff, Jr.

Mr. Wyckoff served as Lt.-Commander in the U. S. Naval Reserve during World War II and was head of the former Philadelphia investment firm of Edward G. Wyckoff & Co.

Municipal News & Notes

The Reconstruction Finance Corporation has just announced its intention to resume, on a large-scale basis, the role of banker for the nation's borrowing communities. The Federal agency, which in the depression 30's represented the principal source of credit to public bodies, both on its own account and as a clearing house for the Public Works Administration, has given notice that it will grant loans immediately to aid in the construction of various capital improvements.

Borrowers eligible for the loans include cities, towns, states, villages, counties, school and park districts, public boards and commissions and other public corporations or agencies. RFC will consider financing up to 100%, and will cooperate with banks or other lenders in making loans.

Projects eligible for RFC financing may include construction or improvement of municipal water supply and distribution systems, sanitary sewer disposal plants, airports, modernization of bus and street car systems and gas and electric systems. The agency will consider also construction of bridges, tunnels and highways, municipal hospitals, public and school buildings, stadiums and municipal docks and harbors.

RFC said that in most cases loans will be of the type repayable from earnings of the project, such as toll bridges, water service charges and similar facilities. The loans will usually be made through the purchase of revenue bonds from municipalities.

RFC will also purchase bonds payable from general taxes, or payable from special tax receipts such as gasoline taxes.

RFC said that municipalities will save interest charges during construction through the agency's policy of disbursing loan funds as they are needed instead of all at once.

For example, instead of purchasing a city's entire bond issue at one time, RFC will contract to buy them from time to time over a long period. This period may be as long as the construction time required for a project.

The city would thereby save interest costs during construction since it would pay interest only on the portion of the loan actually outstanding instead of upon the total amount of the bond issue, RFC said.

The RFC self-liquidating division at Washington will process all applications by municipalities and other public bodies for such loans.

Margate City, N. J., Proposes Debt Refunding

The municipality of Margate City, N. J., has made application to the New Jersey State Funding Commission for permission to negotiate a refunding of its presently outstanding $2,306,000 bonds. The plan calls for the replacement, on an exchange basis, of the existing 4% bonds for new refunding bonds of 1945, bearing various rates of interest, as follows: 4% to 1949; 3% thereafter on $1,760,000; 3¾% on $475,000, and 2½% on $71,000.

The refunding operation would be handled for the city by a group which includes Stifel, Nicolaus & Co., Chicago, and J. B. Hanauer & Co., Newark. Terms of the refunding agreement provide that the group will exchange as many bonds as possible between the effective date of the proceedings and Nov. 1, 1945, the callable date of the original bonds. In the event that exchanges during that period equal 70%, the bankers are to take the necessary steps to insure full completion of the program.

Terms of the refunding are based on an over-all saving interest charge to the city of about $221,000, with the average interest cost being 3.165%. The new refunding bonds would mature serially from 1946 to 1969, incl., as against the present maturity calendar of 1946 to 1974, incl. The plan is so devised as to result in a yearly reduction of about $45,000 in interest charges over the next ten years, which sum the city would set aside to pay for extraordinary repairs and new capital improvements.

Ohio Banks Given Greater Latitude in the Purchase Of Public Revenue Bonds

Pursuant to an amendment to the governing statute enacted at the last session of the Ohio Legislature, the Superintendent of Banks of that State has approved, effective Sept. 29, 1945, "Regulation IV-A-Revenue Bonds," setting forth the conditions under which revenue bonds are eligible for purchase by Ohio banks. The regulations represent the product of discussions between the Banking Department, the Legislative Committee of the Ohio Bankers Association and a committee of Ohio bond dealers.

Among the principal changes in procedure is the elimination of the previous requirement that the Banking Superintendent give written approval in every instance where purchase of revenue bonds was contemplated.

$3,000,000.00

CITY OF CINCINNATI, OHIO

BOND SALE

Sealed Bids will be received at the Office of the City Auditor, Room 248, City Hall, Cincinnati, Ohio, until 12 o'clock,

OCTOBER 30, 1945

for the purchase of the following City of Cincinnati Serial Bonds, dated September 1, 1945.

$1,500,000.00 General Street Improvement Bonds—20 Years
$1,000,000.00 Sewer Improvement Bonds—25 Years
$500,000.00 General Hospital Improvement Bonds—20 Years

All of the above bonds were authorized by the electors at the November, 1944, election, and are payable from taxes which are unlimited as to amount or rate.

Blank forms for bids, description of bonds and financial data may be obtained from the Office of the City Auditor.

HENRY URNER, City Auditor

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As Consultants on Municipal Finance we render a constructive planning service for Cities, States and other governmental units. This service includes experienced assistance in development of plans for new financing, reorganization of existing debt structures, planning the financing of self-liquidating projects, and financial public relations. WE DO NOT BUY OR SELL SECURITIES. We are pleased to cooperate with financial institutions and investment houses.

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Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

During the war years the premium volume of fire insurance companies expanded vigorously, but net underwriting profits dropped below normal. The latter condition was occasioned by excessive marine losses in 1942 and increasingly heavy fire losses year by year since 1942. In other respects, however, the experience of most fire insurance companies has been quite favorable; dividends have been well maintained, net investment income has improved, surplus and special reserves have expanded, liquidating values have increased and the market prices for their shares have moved up.

A survey of 25 representative stock fire insurance companies discloses that their net investment income per share in 1944 averaged 12.1% above that of 1939; liquidating value per share as of Dec. 31, 1944 averaged 18.9% above that of Dec. 31, 1939; while the prices of their stocks on Sept. 29, 1945 averaged 24.4% above the market lows of May, 1940. The record of the 25 stocks is shown in the accompanying tabulation.

	—Net Inv. Income—			—Liquidating Value—			—Market—		
	1939	1944	Increase	12-31-39	12-31-44	In-crease	5-21-40	9-29-45	Ap-prec.
Aetna Insurance	$1.95	$2.14	9.7%	$54.08	$61.21	13.2%	$41½	$56½	36.1%
Agricultural Ins.	3.98	4.54	14.1	90.49	95.79	5.9	70	81	15.7
Bankers & Shippers	5.51	5.19	— 5.8	115.72	125.04	8.1	95½	84¼	—11.8
Boston	30.16	31.32	3.8	676.30	737.81	9.1	575	685	19.1
Continental	2.14	2.41	12.6	39.95	54.47	36.3	31½	55	74.6
Fidelity Phenix	2.27	2.70	18.9	41.50	58.69	41.4	30	57½	91.7
Fire Association	3.79	3.93	3.7	78.37	92.84	18.5	58¼	61½	5.6
Franklin	1.39	1.35	— 2.9	24.45	26.31	7.6	27	24¼	—10.2
Glens Falls	1.14	1.49	30.7	35.35	41.72	18.0	37½	52½	40.0
Great American	1.22	1.29	5.7	29.70	38.33	29.1	22½	32⅜	43.9
Hanover	1.37	1.59	16.1	29.05	39.16	34.8	24½	30½	24.5
Hartford	2.66	3.54	33.1	73.60	97.08	31.9	75	112½	50.0
Home	1.52	1.44	— 5.3	28.03	31.06	10.8	28	29⅛	4.0
Ins. of N. A.	3.17	4.32	36.3	73.70	98.26	33.3	59¾	98½	64.9
National Fire	2.67	2.33	—12.7	79.91	83.20	4.1	53	59	11.3
National Liberty	0.38	0.38	0.0	7.70	8.52	10.6	7¼	7⅛	— 1.7
New Hampshire	1.96	2.22	13.3	46.64	52.86	13.3	46	48½	5.4
New York Fire	1.02	1.38	35.3	20.90	26.61	27.3	14¾	14⅞	0.8
North River	1.06	1.19	12.3	23.71	26.82	13.1	24	24⅞	3.6
Phoenix	3.14	3.35	6.7	93.59	105.24	12.4	75¾	90½	19.5
Prov. Washington	1.65	1.87	13.3	38.37	44.96	17.2	32	38½	20.3
St. Paul F. & M.	1.95	2.88	47.7	45.20	61.97	37.1	46½	73½	58.1
Security	1.79	1.68	— 6.1	44.41	47.24	6.4	32	35¾	11.7
Springfield F. & M.	5.27	5.72	8.5	129.20	144.78	12.1	107½	120½	12.1
U. S. Fire	2.38	2.68	12.6	53.65	64.98	21.1	45¾	54¾	19.7
Average			12.1%			18.9%			24.4%

Each stock shows a higher liquidating value on Dec. 31, 1944 than on the last day of 1939, but not all stocks show an improvement in net investment income and in market price.

Improvement in liquidating value ranges from a low of 4.1% for National Fire to a high of 41.4% for Fidelity-Phenix. Five companies report lower investment income in 1944 than in 1939, viz: Bankers & Shippers, Franklin Fire, Home, National Fire and Security of New Haven; National Liberty shows no change; St. Paul Fire & Marine reports the maximum gain of 47.7%.

From the "Dunkirk low" of the market in May 1940 to Sept. 29, 1945, 22 of the 25 stocks appreciated, on average, 26.6%. Three stocks declined, viz: Bankers & Shippers, Franklin and National Liberty. Maximum appreciation was 91.7% by Fidelity-Phenix, and minimum, 0.8% by New York Fire. It is significant that each of the three stocks which declined in market value also declined in net investment income (National Liberty, no change), and had a below-average gain in liquidating value. Other stocks which show a drop in net investment income, viz: Home, National Fire and Security, also show a below-average gain in liquidating value and a below-average market appreciation.

If these 25 stocks are arranged into three groups, according to relative market appreciation, some interesting relationships are found. For example, the lowest group, comprising 11 stocks with market appreciation or depreciation ranging from —11.8% (Bankers & Shippers) to +12.1% (Springfield Fire & Marine), have an average appreciation of 2.8%; an average improvement in net investment income of 3.7%, and an average gain in liquidating value of 12.0%.

The middle group, comprising seven stocks whose market appreciation ranges from 15.7% (Agricultural) to 36.1% (Aetna), have an average appreciation of 22.1%, an improvement in net investment of 10.9% and a gain in liquidating value of 16.2%.

The top group, comprising also seven stocks, ranges from 40.0% market appreciation (Glens Falls) to 91.7% (Fidelity-Phenix), with an average of 60.5%. Their average improvement in net investment income is 26.4%, and average gain in liquidating value 32.4%.

This brief study serves to bring out a remarkably close correlation, over the longer term, between market, liquidating value and net investment income.

Two New Bulletins

"More Bank Stock Extras Seem Imminent"

AND

"3rd Quarter Statistical Comparison of 19 N. Y. City Bank Stocks"

Available on Request

Laird, Bissell & Meeds
Members New York Stock Exchange
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Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

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OFFICES IN PRINCIPAL CALIFORNIA CITIES

Chemical Bank to Increase Capital Stock

Board of Directors Recommends That Stockholders Approve Increase From $20 to $25 Millions in Order to Permit $5 Million Stock Dividend.

Percy H. Johnston, Chairman of the Board of Chemical Bank & Trust Company, has announced that the Board of Directors of the Bank have approved and recommended to the stockholders an increase in the capital stock of the Bank from $20,000,000, to $25,000,000, so as to permit the declaration of a stock dividend equivalent to $5,000,000, consisting of 500,000 shares of $10 par value stock to be distributed in the ratio of one share for each four shares presently outstanding. The directors authorized the calling of a stockholders' meeting to be held on Oct. 31, 1945, for the purpose of voting upon the proposal.

Photo by Greystone Stu... Inc.
Percy H. Johnston

Mr. Johnston said that in case of a favorable vote of the stockholders the directors planned to transfer $10,000,000 from undivided profits and unallocated reserves to surplus and then to transfer $5,000,000 from surplus to capital. The stock dividend will represent this increase in capital. Thereafter, Mr. Johnston said, the Bank will have a capital of $25,000,000; a surplus of $65,000,000; and undivided profits and unallocated reserves in excess of $10,000,000, which the directors believe ample for any contingencies.

It is contemplated, Mr. Johnston said, that after this increase of the capital stock of the Bank has been effected the dividend at the present rate of $1.80 per share per year will be continued.

First Boston Offers Term. RR. Assn. Bonds

The First Boston Corp. heads an underwriting group which is offering today, subject to authorization of the Interstate Commerce Commission, $40,312,000 Terminal Railroad Association of St. Louis refunding and improvement mortgage 2⅞% bonds, series D, due Oct. 1, 1985. The bonds are priced at 102.53% and interest.

At competitive bidding yesterday (Oct. 10), The First Boston Corp. and associates were awarded the Terminal issue on their bid of 101.829 for 2⅞s.

The Terminal company, owned and controlled jointly by 15 important railroad systems known as the Proprietary Companies, will use the proceeds from the sale of the bonds to redeem $45,983,000 general mortgage refunding 4% sinking fund bonds due Jan. 1, 1953, including $11,983,000 pledged under the refunding and improvement mortgage and also to redeem $6,375,000 refunding and improvement mortgage 3⅜% bonds, series B, due July 1, 1974.

Under the provisions of a guaranty agreement, the new series D bonds are unconditionally guaranteed as to principal, interest and sinking fund installments by the Proprietary Companies who also obligate themselves to assume their pro rata share of any deficiencies or defaults on the part of any of the proprietors.

Harbaugh With Dalton

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, WIS.—Albert J. Harbaugh has become associated with Gardner F. Dalton & Co., 735 North Water Street.

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Blyth & Co. Underwrites Crown Zellerbach Stock

Blyth & Co., Inc., heads a group of underwriters which expects to offer next week the unsubscribed portion of an issue of 353,103 shares of Crown Zellerbach Corp. $4.20 cumulative preferred stock and 176,552 shares of that company's $4 cumulative convertible second preferred stock, now being offered to holders of the outstanding $5 preferred stock.

The offer of exchange will expire at noon on Oct. 13. Under the offer holders of the outstanding 529,655 shares of $5 cumulative preferred stock may exchange one share of $5 preferred for one unit consisting of two-thirds of one share of new preferred and one-third of one share of new second preferred. The second preferred is convertible into common stock on or before Sept. 1, 1955.

The proceeds of this financing, together with treasury funds, will be used to retire on Dec. 1, 1945, at $102.50, any shares of $5 preferred stock not tendered in exchange by present stockholders.

Silberman Returns to Straus & Blosser in Chicago

CHICAGO, ILL. — Straus & Blosser, 135 South La Salle Street, members of the New York and Chicago Stock Exchanges, announced that Nathan M. Silberman has returned from the armed forces to resume his position in their trading department.

HOW LIFE INSURANCE DOLLARS WENT TO WAR

PREMIUM DOLLARS have helped to support the war program, combat inflation, and provide protection and future income for millions of American families . . . through investment in basic industries which were organized for all-out war production; in railroads, backbone of the transportation so vital to victory; in public utilities, which supplied the unparalleled war demands for electric power; and in U. S. Government bonds themselves.

These Wartime Dollars Will Now Provide Peacetime Protection

NEW ENGLAND MUTUAL LIFE INSURANCE CO. *of* BOSTON
George Willard Smith, *President*

THE FIRST MUTUAL LIFE INSURANCE COMPANY CHARTERED IN AMERICA—1835

Urges More Science for Security

(Continued from page 1695)

destruction around the earth. From now on, no nation is immune. No nation can be protected by oceans or mountains, forts, frontiers, or isolation. Victory in any future war may be determined by the skill of scientist against scientist. No physical barrier will limit the battlefields. The victor will be the one best fortified by science and development, by discovery and invention, and by the use of scientific weapons in the hands of the ablest fighters."

Freedom, the Essence of Science

The essence of science is freedom to question and experiment, with an opportunity to draw conclusions, unrestricted by any forces that would hamper liberty in thinking, General Sarnoff stated, and added: "The realm of study, investigation and development, must be free. Whether in politics or in science, it is the keynote of democracy that people must be free to think, free to discuss, and free to try their ideas in practice. To impose the opposite is tyranny.

"That is one of the great lessons of World War II. We should not embrace victory merely as a triumph and let it rest as such in history books. We should study its lessons to cultivate progress and to safeguard the future. With peace comes the vivid truth that to be strong in this modern world a nation must have science ever ready to march with its Army, to sail with its Navy, and to fly with its Air Forces. Indeed, some products of science, such as an atomically-powered missile, must be ready to fly through the air instantly, unattended by sailor, soldier, or pilot; guided to its target by push-buttons in a control room far away."

America, the cradle of liberty, is "also the cradle of invention," he continued and added:

"The list of our native scientists and inventors is a shining roll of honor. As a result, thousands of wartime scientific accomplishments helped to turn the tide of victory for the United Nations and thus rescue democracy from those who would destroy it. Scientists in democracy must continue to pioneer on an ever-expanding scale.

"We must follow our vision with the same confidence if we are to cross new frontiers of progress. Through new products, processes and services that science can create, we should gain a fuller life, increased employment, improved health and national security. We must cultivate our natural talents and resources to meet the promise of science if we are to develop its endless opportunities for securing a higher standard of living for the masses of people everywhere. . . .

"The national security of the United States demands that military scientists and industrial scientists continue their co-operation; for peace and security rise and fall with science."

War gave tremendous impetus to scientific research, asserted General Sarnoff, and declared: "We must keep it moving in the right direction—toward progress in peace. In our land, the power behind it will come from the training of future scientists—from the high schools, colleges, laboratories and workshops of America.

"Just as we have succeeded in releasing atomic energy from uranium, we must release the energy from the minds of our youth. In the fertile brains of American boys and girls are the master keys to the future. We must stimulate and encourage youth, if this nation is to have health, prosperity and security. With its natural interest in science, youth is America's greatest natural resource. The figment of an idea may be more revolutionary than the fission of an atom."

Peace can also benefit, he said, from concentration on certain pressing problems. He gave this question and answer: "For example, what would result from even one hundred million dollars wisely spent on cancer research? If research produced a cure for cancer, it would save more lives than were lost in the war."

Research into the unknown is a great adventure, he said, affirming that it should be encouraged if American scientists are to blaze new trails in life, as the electron microscope has done in revealing the microscopic world which surrounds us.

"From a study of the infinitesimal organisms and elements, from the unseen rays and waves which permeate our bodies, we may find the answer to our future in the Atomic Age," he said. "The tiny, invisible things of life are only beginning to reveal their importance. The electron is the key to the world of the infinitesimal."

Atomic Energy

The release and control of atomic energy represents a new and successful attempt by man to tap nature's great source of universal power, he said, adding: "Let us envisage nature as a huge safe on which there is a combination lock. Inside this giant structure there are many chambers, one of which contains atomic power! Man, thus far, has learned only the combination to the safe and found the key to a single chamber. He has yet to find the keys to many other chambers which will unlock the secrets of nature that may astonish and change the world."

General Sarnoff said that with the perspectives unveiled, humanity may look forward to a future of terror, or a future of security and abundance.

"If we desire the latter to be our destiny, then all nations must decide to live in harmony in 'One World,'" he remarked. "Such decision would be helped if the social sciences moved forward at a faster pace. They should not lag so far behind the physical sciences, as they have in the past. The statesman, the politician, the scientist, the spiritual leader, the teacher, the industrialist, and the labor leader must carry their new responsibilities to society, in the light of these momentous developments. Each must do his part towards curing the causes of conflicts and preventing misuse of the new forces now at man's disposal. Only thus can we preserve the freedom and democracy for which our sons and daughters fought and gave their lives.

Military Developments for Civilian Use

"In the wake of war there are many new ideas and discoveries which can be applied to our everyday life," he continued. "In some instances, however, science ran far ahead of man's readiness to provide practical safeguards that would confine their uses to peacetime purposes. Atomic energy is one disturbing illustration. Further development is bound to release the great potentialities of atomic energy for use in industry, heat, light, power and transportation. But the atomic units that one day may power hundreds of thousands of peaceful automobiles and airplanes, also could be used in war.

"Nor can it be safely assumed that atomic bombs necessarily will come only from the skies. They might come from submarines or ships, or even from land artillery. In fact, it is conceivable that 'smaller and better' atomic bombs, as small as baseballs, might be planted by saboteurs at strategic places and there remain hidden until such time as an enemy decides to strike. A secret radio signal transmitted from a distance, might be used to detonate such bombs and spread havoc far and wide.

"Science races time, and man in his efforts to survive and to progress is in the race with both. Now, as man surveys the maze of possibilities which technology created in the heat of warfare, he faces the great tasks of converting and confining them to peacetime utility."

Television

Television, General Sarnoff stated, is destined to become a utility in the American home and a revolutionary force in worldwide communications. It will bring visual entertainment to the homes of the rich and poor alike; it will flash historic events, letters, documents and pictures around the world, while the television eye in factories will enhance safety and speed industrial processes.

"Wherever transport needs vision, television will help to provide it," General Sarnoff said. "The airplane will see by television and radar; so will ships on the Seven Seas. Similarly, wherever industry needs an eye, television will provide it. It will watch over industrial processes and machines; it will go into places the human eye cannot reach. Fireproof eyes will be put into furnaces to scan chemical reactions. Tunnels will have these radio eyes as will conduits and mines. Television is light and radio combined. . . .

"In the future, a person will write a letter or a message that will be put on a belt moving in front of a television eye. In a split second that letter or message, exactly as written, will appear in England, South Africa or China. There, it will be automatically reproduced by a photographic process for delivery in minutes—not hours, as required by even the fastest airplane.

"Eventually, we may be able to take a sealed letter or document and flash it across the hemispheres without opening the envelope. That again is a television possibility—and it is not fantastic. If X-rays can look through the human body and through steel, why should it not be possible for the television eye to look through a paper envelope? This would make possible a radio mail system."

Urging that America's military and industrial establishments be maintained at a level that will safeguard our national security, General Sarnoff said:

"Atomic energy, radar, electronics, television, jet propulsion, plastics and airplanes are the craftsmanship of scientists. They are the architects of our future. It is not war alone but also science that transformed the world within the past six years. The chief effect of the two atomic bombs was not on the two Japanese cities which they destroyed, but on the human mind. As science reconverts to peace, the evidence of all this will become clear. War was a potent force in the crucible of Destiny.

"In war, we used science to defend democracy, to defeat its enemies, and to destroy their false philosophies. In peace, democracy must advance the use of science for a better life and make its benefits available to all.

"While we strive to obtain these benefits, we must not neglect the problem of preserving peace by adequate preparedness. For the dangers which face all of us from the new forces released by science, must not be ignored. We should adjust our military and industrial establishments to proper peacetime proportions as quickly as possible; but we must maintain them at a level that safeguards our national security.

"Our nation must not dissipate the moral and physical strength it now possesses in a world that is far from stabilized. Other nations, too, will benefit from our earnest efforts to substitute world peace for world war, if America is prepared with trained men and modern means to meet the perils of the terrifying forces science has discovered. If we fail in this, democracy will fail."

Concluding, General Sarnoff said: "Let us see to it that in our new-won freedom, the scientist retains his liberty to think, to speak and to work unfettered. Let us teach our youth the great responsibilities of science and encourage them to travel its highways of progress. Let them be bold in thought and daring in pursuit of the vision of their dreams.

"At the same time, let us not ignore the fact that the dangers mankind faces, call for vision, courage, exploration and action not only in physical sciences but also in the political and social sciences. For all the world is now one neighborhood and the best guarantee for our own security and prosperity, is the security and prosperity of our neighbors as well.

"Democracy in its hour of triumph demands that America be strong and help to make science a useful servant, not the master of mankind."

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The Securities Salesman's Corner

By JOHN DUTTON

New Issue-I-Tus! Have You GOT IT? If So—Watch Out

Back in the roaring twenties we had a disease that some of us called new-issue-i-tus. Those of us who survived the 1929 crash and stayed on in the securities business, can well remember when new issues came out so fast that some times we had three or four deals to offer in a day. We know what happened eventually—so maybe a word or two taken from past experience may not be amiss today.

Once again new deals are breaking thick and fast. Low priced speculative stocks, convertible preferreds, warrants, units of preferred and common—most of them are rising to a premium almost immediately upon release. Competition is keen among underwriting houses. Syndicates no sooner get one deal off than they have two more ready for the firing line. It looks like the good old days. In fact, it looks like the tail-end of a bull-market from the standpoint of some of the common stock deals that move up on the new-issue calendar and walk right out the window to a 20% or more premium the same day as the public offering is made.

We had 12 years of practically no new, equity, financing ever since 1932. It's about time we made up for some of those lost opportunities for privately financing this country's smaller and medium sized business enterprises. If we had many times the volume of new issues as we have seen for the past few months, we could barely make up for the great dearth of such financing, as we have witnessed for these many years. So perhaps it is not too serious a matter if we have a period of catching up. It will probably be the most active era of corporate financing that the country has ever known. This may cover a period of several years. At least, until the present bull market has reached its top—and that could mean another two years more, even if it is now already four years old.

Amid all the pressure of new deals breaking one after another, some firms are having the old problems of internal distribution arising to plague them again. Arguments among salesmen as to who should get so many shares, and who should get less, are being heard in offices where such words haven't been spoken for years. All this can't be helped—it's part of this business.

But there is one thing that smart salesmen will avoid. If they have had experience in the past with these fast moving, new issue markets, **they will control their customers.** THEY WILL AVOID EDUCATING THEIR ACCOUNTS TO EXPECT TO HAVE FREE RIDES EVERY TIME THEY CALL THEM UP. They will sell some new issues BUT THEY WILL SELL THEM ON VALUE, ON THEIR PROPER POSITION IN REGARD TO THE OTHER SECURITIES OWNED BY THEIR CUSTOMERS, AND THEY WILL REFRAIN FROM TURNING THIS BUSINESS INTO A TOUTING GAME WHERE SALESMEN ARE COMPETING FOR THE OPPORTUNITY OF SELLING A CUSTOMER SOME NEW ISSUE JUST BECAUSE IT LOOKS LIKE IT WILL GIVE HIM A FREE RIDE.

Human nature being what it is—it won't be easy for a salesman to avoid getting into the "new issue" rut. It's the easiest, softest, way to make a living that ever could be imagined WHILE IT LASTS. You call 'em up—take a profit on X, put them into Y; take 'em out of Y, and put 'em into Z. Turn them over. Buy one, sell another. Every time you make a commission. Every time your customer makes a nice fat, short term, profit. It's easy. He likes it. You begin to think you don't have to work any more. Pretty soon you forget all about diversification, balance, timing, watching out for the "big bad wolf" who still is going to lurk around that corner someday AND YOU TURN OUT TO BE A LAZY, NO GOOD TELEPHONE TOUT, THAT JUST WAITS FOR ONE NEW ISSUE AFTER ANOTHER, AND WHEN THAT DAY COMES IT'S TOO LATE TO START OVER AGAIN. You no longer have a **clientele of investors,** you've turned them into a collection of soft-touch chiselers, **who think they can get something for nothing.**

Sell new issues, yes, but sell the old ones, too, and sell right. Remember good customers are customers that will help you to make a living in the next bear market; and in order to accomplish this THEY FIRST HAVE TO HAVE A WELL ROUNDED OUT PORTFOLIO THAT INCLUDES TIME-TESTED SECURITIES.

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Boston Stock Exchange Re-Elects Stearns Poor

BOSTON, MASS.—Stearns Poor was re-elected president of the Boston Stock Exchange for the third term, at its annual election.

Horace O. Bright, Elmer H. Bright & Co., was elected vice-president; Mark R. Hodges, Schirmer, Atherton & Co., was re-elected treasurer for the eleventh term.

Elected to the governing committee for terms to expire in 1947 were: Waldo M. Brown; Frank A. Day, R. L. Day & Co.; Constantine Hutchins, Hutchins & Parkinson; George N. Proctor, Proctor & Cook; Ray E. Southgate; and Guy W. Walker, Jr. of Guy W. Walker & Co.

The nominating committee elected for 1945-6 is composed of Walter J. Brown, chairman; Samuel Mixter, Mixter & Co.; Joseph J. Thorndike, Thorndike & Allen; Lester Watson; and William B. Long, Long & Nash.

R. C. Morrison With Equitable Securities

Hendrix, Davenport Rejoin

NASHVILLE, TENN.—Equitable Securities Corporation, 322 Union Street, announce that R. C. Morrison, formerly with the Central National Bank of Cleveland, is now associated with them as manager of the corporate statistical department.

W. R. Hendrix and Evan Davenport are also again connected with the firm after having served a period of several years in the armed forces.

Smith Rejoins Courts Co.

ATLANTA, GA.—Walter Smith has rejoined the staff of Courts & Company, 11 Marietta Street, N. W., members of the New York Stock Exchange. Mr. Smith has recently been serving in the armed forces.

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Canadian Securities

By BRUCE WILLIAMS

Adulthood brings new and weightier responsibilities. The visit of Prime Minister Mackenzie King to London will no doubt lead to discussion of problems of history-making importance both to the British Commonwealth and its Senior Dominion, Canada. Termination of Lend-Lease and the urgency of an early solution of Britain's financial and economic difficulties throw a heavy burden of responsibility upon the Dominion. The eldest son has come of age and having made capable, prosperous progress, can now come to the aid of the parent country which has dissipated its waning resources in the common cause.

No country is better equipped to perform this service. Let us strip away the false popular illusions that Canada is a vast bleak expanse of stony and forested wilderness fit only for the rugged and the romantic. Let us ignore the deliberately unglamorous and cautious outlook of many Canadians who refuse to visualize their country supporting a doubled or trebled population.

Their acts, however, belie this mentality. This country with its small, sturdy population has a record of prodigious performance. Its 11¾ million people have become the world's third largest trading nation, as well as the world's greatest supplier of farm and forest products and minerals. During the war the Dominion has demonstrated unsurpassed powers of organization and control, and has made revolutionary industrial progress. In the field of scientific research Canada has kept abreast of the world's leaders.

All this has been accomplished with the mere scratching of the surface of the Dominion's unrivalled stores of natural resources. In this world of depleted supply and unprecedented shortages, it is a prime necessity to develop more fully Canada's virgin riches. The question of British emigration to Canada, which has been so deplorably bungled in the past, now calls for solution by statesmanship on the highest plane.

Whereas the population of Britain is too great in proportion to its natural resources, Canada's lack of population in relation to its resources is even more disproportionate. Britain's economic recovery is a world problem of the utmost urgency. This country is prepared to play its part and there is little doubt that Mackenzie King, on behalf of the Canadian people, is ready to discuss in London, proposals that can result in a new prosperous era for the British Commonwealth of Nations.

Turning to the market for the past week, although there was a slightly higher turnover, there was still a lack of general interest. The supply shortage accounts for much of the market apathy as well as the concentration of attention on the impending Alberta financing, and the imminence of the Ninth Victory Loan.

It is also possible that the market for externals is suffering a little from the recent exaggerations in internal securities based on premature anticipation of restoration of the Canadian dollar to its old parity. The merits of the internals were overly recommended to the detriment of the externals.

High grade externals, however, still make favorable comparison with domestic issues. Despite recently expressed doubts mostly emanating from Canadian sources, Canada's trade prospects and post-war scope for development are such that ultimately the northward flow of capital is likely to become more embarrassing than ever before.

With regard to possible future developments it is unlikely that there will be any immediate deviation from the present dull inactive course. Gradually, however, in view of the rapidly diminishing supply of high-coupon, bank-eligible bonds, high grade Canadians are likely to become increasingly attractive for bank investment.

Barrowclough Rejoins First of Michigan Corp.

Re-Opens Chicago Branch

CHICAGO, ILL.—George L. Barrowclough has rejoined the First of Michigan Corp. and is reopening the firm's Chicago branch at 135 South La Salle Street. Mr. Barrowclough, who has recently been with the Chrysler Corp., was formerly Chicago manager for First of Michigan Corp.

Steinauer With Cruttenden

LINCOLN, NEB.—Edmund Steinauer has become associated with Cruttenden & Co., First National Bank Building. In the past Mr. Steinauer was head of his own firm, Steinauer & Co., Inc.

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CANADIAN SECURITIES
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Public Utility Securities

(Continued from page 1694)

a "blessing in disguise." If the entire tax was discarded at once. the companies enjoying a sudden jump in earnings would be especially vulnerable to rate cut orders by the State commissions, but if the change were made gradually, this danger might be lessened.

Regarding rates, David Cowan of Shields & Co. pointed out that regulation varies widely in different States and this variation must not be overlooked in appraising equities. For example, the rate cut imposed on Utah Power & Light a year or so ago was severe, virtually eliminating any earnings equity for the common. The celebrated Arkansas Power & Light decision was less unfavorable, and the more recent Pennsylvania Power & Light decision was highly favorable.

He also pointed out that special attention should be given to individual accounting factors, such as accelerated amortization of war facilities, non-recurring tax savings due to refunding, possible loss of a tax "umbrella" when a subsidiary is sold by a holding company (with its consolidated tax savings), etc. Sometimes the published statements don't clearly reveal these items and special study is required to analyze them.

Hugh Pastoriza of Coffin & Burr pointed out that different rates of "fair return' are allowed in different States, and that many companies have been adversely affected in recent years by severe plant write-offs. Many of these companies are, he stated, earning as much as 7% on the sharply lowered net property account.

On the operating side, Quentin Johnston of the Bank of New York pointed out that the number of utility employees had been reduced over 20% during the war (Consolidated Edison is down 30%). This was accomplished by economies such as bi-monthly billing and by overtime employment. The suggestion was also made that some utilities were overstaffed before the war, and that while the number of employees might gradually increase to the old level, there would be no sharp increase in wage costs due to re-employment of returning service men (such employment being partly offset by elimination of overtime).

Important savings in expenses should result from the closing down of standby steam plants (used during the war for the extra load). Fuel economies were also envisaged, since during the war many utilities have been getting inferior coal (the best grades going to steel and other priority users). On the other hand fuel costs will be affected by rising wages of miners and oil-well employees.

On the financial side the utilities have made rapid strides during recent years, doing nearly all their expansion work out of earnings, and building up a very strong cash position at the same time. A great deal of refunding has been done, but a second wave of bond refunding is now under way and many preferred stocks remain to be converted into lower dividend issues. Plant accounts have been written down, and many balance sheets are now on a very conservative basis.

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Reports Reconversion Rapid

Continued from page 1696)

viewed from the standpoint of the general welfare, into the principles of business policy and of public policy which will foster the full contribution by industry and commerce in the post-war period to the attainment of high and secure standards of living for people in all walks of life through maximum employment and high productivity in the domestic economy; and (2) through autonomous community committees, to stimulate company-by-company planning for post-war business expansion and hence the creation of more productive jobs than ever before in a peacetime economy. The first part of the program comes under the Research Division, and the second under the Field Development Division.

"Before CED set out to stimulate peacetime business expansion, it attempted to measure the task ahead and set a goal. Its trustees discussed with government officials and others what a satisfactory economy would require, and after careful study, it seemed evident that from seven to ten million more productive jobs than we had in 1940, through an increase of from 30 to 45% in production of goods and services would give us a satisfactory situation. This meant CED's task would be to stimulate business towards peacetime expansion and towards speedy attainment of high level post-war productive employment. Any transitional joblessness must be for the shortest time possible.

"Consequently, when a community committee was organized the first step of the local program was a survey in which employers were asked three important quesitons, among others: (1) How many workers they employed in 1940; (2) How many they employed at the time of the survey; (3) How many they expect to employ in the post-war period.

"Before an employer could answer that third question he had to complete his post-war preparations for expansion, which was one of the principal objectives of CED.

"As estimates of these individual employers were completed they were assembled by communities and given to the Federal Reserve Bank in Washington, D. C., as reference for government agencies and other interested parties."

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1700)

gress is doing its best to see that whatever controls there are on prices are removed under one guise or another.

* * *

The get-rich-quick factions are all for abandoning all controls. Let supply and demand govern prices, is their argument. But there are a lot of sober-minded business men who see in this inflationary parade the beginning of a spiral which will mean ruin in the end. From present indications, it looks as if the inflationary forces will have things their own way. Yet what seems so certain one day becomes equally uncertain the next day.

* * *

So even if inflation can't be argued with and almost everybody seeking protection against deflation of the real value of their dollars see the stock market as a protection, I still intend to stay on the sidelines.

* * *

I am aware that a do-nothing policy is hardly a practical one to follow in a rampaging market. But unless there are more signs that this market won't peter out in the next couple of points, that is exactly what I advise doing.

* * *

Besides the stand-pat position isn't too hard to take when you are already committed to stocks. If the market continues to go up you share in it. If it goes down, you'll be better off than most. Maybe the participation isn't as exciting as we would both like it to be. Still it is better than nothing at all, and a lot safer.

* * *

Currently, correction is going on. It isn't very apparent because it isn't spread over the entire market. It is limited to specific issues. So long as it stays that way the danger of an immediate break is minimized. But the danger becomes intensified as this process spreads from stock to stock. For then the possibility arises that the whole market will go into a correctional phase. So if any buying is done now it should be done with an eye to an exit. Certainly no buying for the pull can be considered wise when it's done in a boiling market. The time to do that is when they're reacting, or at least dull.

* * *

You are still long of a few stocks, in all of which you have taken half profits. So the market can go down considerably before you are hurt badly. Your positions are as follows:

A. M. Byers bought at 19, half sold at 21. Stock is now about 23½. Stop is still 19.

Jones & Laughlin bought at 35, half of which was sold at 41. Current levels are still in the 41 region. Hold the remainder with the stop at 38.

Paramount came into the list at 30½. Half the position was liquidated at about 35. Current levels are approximately 40. Stops should be maintained at 35.

White Motors was acquired at 29½ and half was sold across 35. Present levels are still in the 35 range. Stop in White should be maintained at 32.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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Dangers In Big Government

(Continued from first page)

The meaning of the Association goes as deep as democracy itself in these United States, and I will try to tell you why.

We have learned in this war by bitter experience that if we are to continue to have democracy in the United States we must not take it for granted. In the war emergency we had to work for it, fight for it, and even die for it; but now that the war is over there is danger that we will again relax our vigilance. That, we all agree, must not happen. Sporadic patriotism is not enough. In peace time, as in war, if we truly value democracy we must continue to work for it and fight for it, with unremitting care and devotion.

In the war, we fought and overcame a threat to our democracy from without. There are other threats from within. A recognition of this danger is attested by many recent volumes and articles on democracy and its meaning. We are beginning to realize that many of our people have been so accustomed to living in freedom that they have been perilously casual about it. Only now, with the emergence of so many totalitarian governments, are we beginning to ask "What is democracy? How is it better than other forms of government? Do we really want it here? And are we in any danger of losing it?" The recent English election makes us wonder in what direction that kindred country is tending, and where we ourselves may already have drifted.

The change in our national budget shows dramatically one thing that has been happening in the United States. Estimates from various sources place the post-war budget at from 20 to 25 billion dollars compared with seven to eight billion in 1938 and less than one billion before World War I. Government is big and growing bigger. Much of this is the inevitable result of doing the things all the people agree must be done by Government. We must pay the interest on our debt; we must take good care of the veterans; social security is with us to stay; we must do our share in restoring a sick world and doing everything possible to prevent another war. These essentials mean a bigger Government than ever before. But big Government has its dangers as well as its virtues, especially when there are many people who believe in much bigger Government, in state socialism.

John Stuart Mill points out that for the success of the free enterprise, which is the economic source of wealth in a democracy, the prime essential is security,—the protection society affords to its members. But, note this: Security means not only protection by the Government, but protection against the Government. Mill says, "The latter is the more important," and he adds, "The only insecurity which is altogether paralyzing to the active energies of producers is that arising from the Government or from persons invested with its authority." Insecurity of the sort Mill mentions was certainly responsible at least in part for the long duration of the economic depression of the 30's.

Thoughtful people are today wondering whether Government in this country may not be getting so big that it threatens not only productive enterprise but with it the liberty of the individual which is the essence of our democracy. On every hand the question is asked, "What should we do about it?" It is not enough "to be against the Government," or to say Government should be restrained and that we should all vote for Government officials who oppose too great Government expansion. The problem is not so simple as that; and even with the highest political ideals Government will make serious economic blunders unless it receives the help and co-operation of business and professional leaders. There need to be organizations to give continuing attention to the larger problems of Government and its relation to private enterprise.

On that subject a new essay by Charles A. Beard, who is certainly no hidebound conservative, contains this sentence:

"If there are no individual or group economic interests possessing a high degree of independence as against the state. despotism will supplant constitutional Government and then run its own historic course."

This is an utterly convincing reason for having an enlightened and aggressive American Bankers Association. Banking in the United States is a definite economic force—a force that works with our Government and with our citizens in support of our democratic free enterprise. The American Bankers Association gives banking a voice to make itself heard in behalf of the interest not alone of the 270,000 workers who man the banks, but of the millions of depositors.

Some people have failed to recognize the great purposes of the Association because it has not used the spectacular methods of power politics. It has wisely chosen as its duty and method—education—the most powerful force in human affairs. The primary educational duty is to help banking do its own job better. The second educational task is to help others understand banking and its crucial place in the body economic. This is by all odds the most effective way of fulfilling our duty as an independent economic force playing its part to support sound financial policies in our democracy.

The educational program of the Association is more than language It has real substance. Starting with the 26,000 bank workers studying in the American Institute of Banking despite wartime pressures and the 600 selected younger executives pursuing the arduous course of The Graduate School of Banking, adding to these the thousands of meetings where banker and farmer and banker and businessman discuss their mutual problems, and the array of Association publications from banking magazines to bulletins on banking and economics and going on to the patient painstaking hours that banking committees have spent in Washington explaining to members of the Congress and the Administration the facts and the banking viewpoint of the questions before them which concern banking, all this is a giant educational program of organized banking.

This is a great responsibility—a great opportunity. We have just completed another year of operation of the Association devoted to this great purpose. It has been a year of achievement in which to take pride. It represents the hard, patient, devoted efforts of hundreds of bankers. These people have a vision of what banking can do for democratic enterprise and the way banking can serve as a wholesome economic force in this country. That is why it has been a great privilege to serve as the Association's president.

DIVIDEND NOTICES

COLUMBIA SYSTEM

**COLUMBIA
GAS & ELECTRIC
CORPORATION**

The Board of Directors has declared this day the following dividends:

Cumulative 6% Preferred Stock, Series A
No. 76, quarterly, $1.50 per share

Cumulative Preferred Stock, 5% Series
No. 66, quarterly, $1.25 per share

5% Cumulative Preference Stock
No. 55, quarterly, $1.25 per share

Common Stock
No. 43, 10¢ per share

payable on November 15, 1945, to holders of record at close of business October 20, 1945.

DALE PARKER
Secretary

October 4, 1945

JOHN MORRELL & CO.

Morrell PRIDE meats

DIVIDEND NO. 65

A dividend of Fifty Cents ($0.50) plus an extra dividend of Fifty Cents ($0.50) per share on the capital stock of John Morrell & Co., will be paid October 27, 1945, to stockholders of record October 13, 1945, as shown on the books of the Company.

Ottumwa, Iowa. Geo. A. Morrell, Treas.

Spencer Kellogg & Sons, Inc.

A quarterly dividend of $0.45 per share has been declared on the stock, payable December 10, 1945, to Stockholders of record as of the close of business November 17, 1945.

JAMES L. WICKSTEAD, Treasurer

Harrie T. Shea With Bear, Stearns & Co.

Bear, Stearns & Co., members of the New York Stock Exchange, announce that Harrie T. Shea, formerly Lieutenant-Colonel with the Army Air Forces, is now associated with them. Mr. Shea was a staff intelligence officer with the 10th Air Force overseas. Prior to his entry into active service with the armed forces, he was connected with the investment banking firm of Laurence M. Marks & Co., and previously a Vice-President of the Investment Counsel firm of Shea & Co., Chicago.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

PURCHASE OFFER TO THE HOLDERS OF

$9,756,000
New Amsterdam Gas Company
First Consolidated Mortgage Five Per Cent. Gold Bonds
due January 1, 1948

$15,000,000
The New York Gas and Electric Light, Heat and Power Company
First Mortgage Five Per Cent. Gold Bonds
due December 1, 1948

$20,866,000
The New York Gas and Electric Light, Heat and Power Company
Purchase Money Gold Four Per Cent. Bonds
due February 1, 1949

Consolidated Edison Company of New York, Inc., successor to New Amsterdam Gas Company and The New York Gas and Electric Light, Heat and Power Company, the issuers of the aforesaid bonds, is desirous of acquiring any and all of said bonds for surrender and cancellation and offers to pay for them as follows :

New Amsterdam Gas Company, First Consolidated Mortgage Five Per Cent. Gold Bonds, due January 1, 1948	109.68
The New York Gas and Electric Light, Heat and Power Company, First Mortgage Five Per Cent. Gold Bonds, due December 1, 1948	113.75
The New York Gas and Electric Light, Heat and Power Company, Purchase Money Gold Four Per Cent. Bonds, due February 1, 1949	111.27

plus accrued interest to November 1, 1945, these prices being equivalent in each case to a yield basis of one-half of one per cent to maturity.

Holders of said bonds accepting this offer should surrender them to City Bank Farmers Trust Company, 22 William Street, New York 5, New York, on or after October 25, 1945, and payment therefor with interest to November 1, 1945, will be made upon delivery. In the case of coupon bonds, all coupons payable on December 1, 1945, or subsequently, should be attached. Registered bonds should be accompanied by appropriate assignment.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By WILLIAM F. O'BRIEN
Treasurer

Dated: October 4, 1945

SERVICE

Calendar of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

SATURDAY, OCT. 6

NASHUA MANUFACTURING CO. on Sept. 17 registered an unspecified number of common shares without par value.

Details—See issue of Sept. 20.

Offering—The offering price will be supplied by amendment. Company will offer present common holders right to subscribe to new common on basis of ½ share of common for each share held. Company would have to utilize 31,001½ shares of common to make this offer.

Underwriters—J. Arthur Warner & Co. named principal underwriter.

CHASE CANDY CO. on Sept. 17 registered 50,000 shares ($1 par) common stock.

Details—See issue of Sept. 20.

Offering—Stock to be offered to public at $8 per share.

Underwriters—Herrick, Waddell & Co., Inc. named principal underwriter.

TUESDAY, OCT. 9

PUBLIC SERVICE CO. OF OKLAHOMA on Sept. 20 registered $22,500,000 first mortgage bonds series A, due July 1, 1975 and 98,500 shares of cumulative preferred stock, par $100. Interest rates to be filed by amendment.

Details—See issue of Sept. 27.

Offering—Company proposes to offer to holders of its 5% preferred stock privilege of exchanging holdings for new preferred stock on the share for share basis plus a cash payment representing the difference between the initial offering price of the new preferred and the redemption price of the old preferred. Offering price of bonds and stock will be filed by amendment.

Underwriters—To be sold at competitive bidding.

Bids Invited—Company is inviting bids on or before Oct. 15 for the purchase of the bonds and such shares not exchanged for the present preferred, the purchasers to specify the coupon and dividend rates.

NATIONAL MANUFACTURE & STORES CORP. on Sept. 20 registered 40,756 shares of $2 cumulative preferred stock (no par).

Details—See issue of Sept. 27.

Offering—Company will sell 12,000 shares to public at offering price of $41.25 and remainder of stock will be offered to holders of company's presently outstanding $5.50 prior convertible preferred stock on the basis of two shares of $2 cumulative preferred for each share of $5.50 preferred.

Underwriters—Norris & Hirshberg, Inc., Clement A. Evans & Co., Inc., J. H. Hilsman & Co., Inc., The Robinson-Humphrey Co., Wyatt, Neal & Waggoner, and Brooke, Tindall & Co. are named underwriters.

LIBERTY FABRICS OF NEW YORK, INC. on Sept. 20 registered 100,407 shares of common stock, par $1.

Details—See issue of Sept. 27.

Offering—The offering price will be filed by amendment.

Underwriters — R. H. Johnson & Co. named principal underwriter.

CALIFORNIA WATER SERVICE CO. on Sept. 20 registered $11,282,000 first mortgage 3¼% bonds Series C due Nov. 1, 1975, 139,000 shares of cumulative preferred stock, Series C, par $25, and 29,142 shares of common stock, par $25. Dividend rate of preferred stock to be filed by amendment.

Details—See issue of Sept. 27.

Offering—Offering price of bonds to be filed by amendment. Company will call 139,000 outstanding shares of 6% cumulative preferred stock, Series A and Series B and at same time offer holders option of exchanging their stock on a share for share basis for new Series C preferred stock. Common stockholders will be offered rights to subscribe to the new common at $30 a share on the basis of ¼ share of new common for each share of common held as of Oct. 8, 1945.

Underwriters — Union Securities Corp. and Harris, Hall & Co. (Inc.) named principal underwriters.

WEDNESDAY, OCT. 10

NORTHERN STATES POWER CO. on Sept. 21 filed a registration statement for $75,000,000 first mortgage bonds, due Oct. 1, 1975.

Details—See issue of Sept. 27.

Offering—Interest rate to be filed by amendment.

Underwriters—To be sold at competitive bidding.

THE UNION ELECTRIC CO. OF MISSOURI on Sept. 21 registered $13,000,000 first mortgage and collateral trust bonds series due 1975 and 40,000 shares of preferred stock. The interest rate on bonds and the dividend rate on the preferred stock will be filed by amendment.

Details—See issue of Sept. 27.

Offering—The proceeds will be used to pay off outstanding promissory notes of a face amount of $9,000,000 maturing Dec. 28, 1945, and to finance on a permanent basis the purchase in March 1945 of the properties and business of Laclede Power & Light Co. at the adjusted purchase price of $8,439,909.

Underwriters—To be sold at competitive bidding.

THE MONTANA POWER CO. on Sept. 21 registered $40,000,000 first mortgage bonds due 1975.

Details—See issue of Sept. 27.

Offering—Offering price and interest rate to be filed by amendment.

Underwriters—To be sold at competitive bidding.

THE CENTRAL ARIZONA LIGHT & POWER CO. on Sept. 21 registered 840,000 shares of common stock, no par.

Details—See issue of Sept. 27.

Offering—Price to be filed by amendment.

Underwriters—To be sold by competitive bidding.

SATURDAY, OCT. 13

PENNSYLVANIA POWER & LIGHT CO. on Sept. 24 registered 1,818,719 shares of common stock, no par and 1,818,700 subscription warrants entitling holders to purchase such stock at $10 a share.

Details—See issue of Sept. 27.

Offering—National Power & Light Co. as holder of all of the outstanding common stock of Pennsylvania Power & Light Co. will be entitled to subscribe to 1,818,700 shares of the new common. National will in turn offer its stockholders the right to subscribe to the new stock on the basis of ⅓ share of new Pennsylvania Power & Light common for each one share of National Power & Light Co. common stock held. Electric Bond & Share Co. has agreed to take the number of shares proportionate to its common holdings in National (46.56%) and National has agreed to take the shares not taken by its remaining stockholders.

Underwriters—None.

THE NORTHERN NATURAL GAS CO. on Sept. 24 registered $25,000,000 serial debentures.

Details—See issue of Sept. 27.

Offering — Offering price and interest rate to be filed.

Underwriters—To be sold at competitive bidding.

HOUSTON OIL FIELD MATERIAL CO., INC. on Sept. 24 registered 12,500 shares of 5½% cumulative ($100 par) preferred stock.

Details—See issue of Sept. 27.

Offering—Company will offer holders of outstanding $1.50 dividend cumulative preferred stock the right to exchange their shares for new stock on the basis of 1 1-10th shares of 5½% preferred with a cash adjustment for fractional shares for each four shares of old preferred.

Underwriters—Include Dallas Rupe & Son, Dallas Union Trust Co., Rauscher Pierce & Co., Inc. and Pitman & Co., Inc.

TEXTRON, INC. on Sept. 24 registered 200,000 shares of 5% convertible preferred stock, par $25.

Details—See issue of Sept. 27.

Offering—Offering price to the public, $25.

Underwriters — Blair & Co., Inc. and Maxwell, Marshall & Co.

F. L. JACOBS CO. on Sept. 24 registered 40,000 shares of $1 par common stock.

Details—See issue of Sept. 27.

Offering—Price to public to be filed by amendment.

Underwriters—H. M. Byllesby & Co., Inc. and E. W. Clucas & Co. named principal underwriters.

SUNDAY, OCT. 14

DRESSER INDUSTRIES, INC., on Sept. 25 registered 60,000 shares of ($100 par) convertible preferred stock. Dividend rate and conversion privileges will be filed by amendment.

Details—See issue of Oct. 4.

Offering—Offering price to be filed by amendment.

Underwriters—Harriman Ripley & Co., Inc., Reynolds & Co., Glore, Forgan & Co., Kidder, Peabody & Co. and Lazard Freres & Co. named underwriters.

MONDAY, OCT. 15

SYLVANIA ELECTRIC PRODUCTS, INC., on Sept. 26 registered 100,000 shares of $3.75 cumulative preferred stock (no par).

Details—See issue of Oct. 4.

Offering—Offering price to be filed by amendment.

Underwriters—Paine, Webber, Jackson & Curtis, White, Weld & Co., Lee Higginson Corp., Estabrook & Co., and Merrill Lynch, Pierce, Fenner & Beane.

NATIONAL VULCANIZED FIBRE CO. on Sept. 26 registered $3,500,000 15-year 4¼% sinking fund debentures due Oct. 1, 1960 and 400,220 shares ($1 par) common stock.

Details—See issue of Oct. 4.

Offering—Offering price to the public to be supplied by amendment.

Underwriters — Union Securities Corp. and E. H. Rollins & Sons named principal underwriters.

DAYTON POWER & LIGHT CO. on Sept. 26 registered $28,850,000 first mortgage bonds series due 1975. Interest rate will be filed by amendment.

Details—See issue of Oct. 4.

Offering—Price to be filed by amendment.

Underwriters—To be sold by competitive bidding.

TUESDAY, OCT. 16

SANGER BROTHERS, INC. on Sept. 27 filed a registration statement for 22,000 shares 5½% cumulative preferred stock, par $30.

Details—See issue of Oct. 4.

Offering—The offering price is $30.50 per share.

Underwriters—Includes Stifel, Nicolaus & Co., Inc.; Dempsey-Tegeler & Co.; A. G. Edwards & Sons; Rauscher, Pierce & Co.; Reinholdt & Gardner; Prescott, Wright, Snider Co.; Dittman & Co., and Wm. F. Dowdall & Co.

GENERAL PLYWOOD CORP. on Sept. 27 registered 135,591 shares ($1 par) common stock.

Details—See issue of Oct. 4.

Offering—Offering price to public $5 a share.

Underwriters—F. S. Yantis & Co., Inc., and W. L. Lyons & Co. are named principal underwriters.

AEROVOX CORP. on Sept. 27 registered 176,025 ($1 par) common shares.

Details—See issue of Oct. 4.

Offering—Offering price to public $9.25 a share.

Underwriters — Ames, Emerich & Co., Inc. and Dempsey & Co. are named principal underwriters.

MONROE AUTO EQUIPMENT CO. on Sept. 27 registered 40,000 shares of 5% cumulative preferred stock (par $50), and 100,000 purchase warrants.

Details—See issue of Oct. 4.

Offering—Price to public to be supplied by amendment. Unit of one share of preferred and one warrant to be offered.

Underwriters — Hayden, Stone & Co. principal underwriter.

FLORIDA POWER CORP. on Sept. 27 registered 539,240.8 shares ($7.50 par) common stock.

Details—See issue of Oct. 4.

Offering—Offering price to be filed by amendment.

Underwriters—To be sold at competitive bidding.

HARRIS - SEYBOLD - POTTER CO. on Sept. 27 registered $2,500,000 sinking fund debentures, due Oct. 1, 1960. Interest rate to be filed by amendment.

Details—See issue of Oct. 4.

Offering—Offering price to be filed by amendment.

Underwriters—McDonald & Co., named principal underwriter.

THE AMERICAN LOCOMOTIVE CO. on Sept. 27 registered 400,000 shares ($1 par) common stock.

Details—See issue of Oct. 4.

Offering—Offering price to be filed by amendment.

Underwriters — Union Securities Corp. named principal underwriter.

NATIONAL SUPPLY CO. on Sept. 27 registered 170,000 shares of cumulative preferred stock, par $100. Dividend rate to be filed by amendment.

Details—See issue of Oct. 4.

Offering—Holders of 291,091 shares of prior preferred stock, 5½% series and 6% series will be given the opportunity to exchange such shares for the new preferred. Underwriters will take shares not taken in exchange.

Underwriters — Lehman Brothers and Goldman, Sachs & Co. are named principal underwriters.

NATIONAL BATTERY CO. on Sept. 27 registered 60,000 shares of common stock.

Details—See issue of Oct. 4.

Offering—Offering price to be supplied by amendment.

Underwriters—Goldman, Sachs & Co. and Piper, Jaffray & Hopwood are named principal underwriters.

WEDNESDAY, OCT. 17

THE PENNSYLVANIA POWER CO. on Sept. 28 registered $9,793,000 first mortgage bonds, series due 1975, and 42,000 shares 4.25% cumulative preferred stock (par $100). Interest rate on bonds will be filed by amendment.

Details—See issue of Oct. 4.

Offering—Preferred stock to be offered on a share for share basis plus cash dividend adjustment to holders of presently outstanding 42,000 shares of $5 preferred stock. Offering price of bonds will be filed by amendment.

Underwriters—W. H. Newbold's Son & Co. named principal underwriter to obtain acceptances of exchange offer. Bonds to be sold by competitive bidding.

GENERAL SECURITIES CORP. on Sept. 28 filed a registration statement for 200,000 shares of common stock, par $5.

Details—See issue of Oct. 4.

Offering—The price to the public is $7.50 per share.

Underwriters—General Finance Co., Atlanta, Ga., is fiscal agent.

EUREKA CORP., LTD., on Sept. 28 filed a registration statement for 2,595,000 shares of common, par $1.

Details—See issue of Oct. 4.

Offering—Toronto Mines Finance, Ltd., has entered into a firm commitment to purchase 480,000 shares at $1.23 per share, and has an option on 1,920,000 shares at the same price. The offering is to be made among the shareholders of Ventures, Ltd., Frobisher, Ltd., and La Luz Mines, Ltd. (Canadian companies) at $1.25 per share, and to Eureka stockholders. Price is expressed in terms of Canadian money. Shares not so acquired will be offered generally to the public. Should the option not be exercised by Toronto Mines Finance, Ltd., the company itself will make the offering, as aforesaid. The remaining 195,000 shares are to be purchased by the company geologist, officials and employees.

RHEEM MANUFACTURING CO. has filed a registration statement for 30,000 shares of 4½% preferred stock, par $100.

Address—San Francisco, Cal.

Business—Manufacturer of metal products.

Offering—Price to the public will be filed by amendment.

Proceeds—Proceeds will be used to reimburse working capital for funds applied to redeem 5% preferred stock, $1,760,000 for tools and machinery, $280,000 in buying government owned equipment, about $50,000 for a government owned building and $300,000 for investment in its new Brazilian subsidiary.

Underwriters—Blyth & Co., Inc., will head the group.

Registration Statement No. 2-5961. Form S-1. (9-28-45). Statement originally filed in San Francisco.

CROSS CO. on Sept. 28 filed a registration statement covering 60,000 shares of 5½% cumulative convertible preferred stock, par $10; 60,000 warrants to purchase common stock; 100,000 shares of common, par $1, issuable upon conversion of preferred and 60,000 shares of common issuable upon exercise of common stock purchase warrants.

Details—See issue of Oct. 4.

Offering—The preferred stock is to be offered to the public at $10 per share. The warrants which entitle the holder to purchase common stock at $5 per share for a period of three years are to be sold to the underwriters for 5 cents per warrant.

Underwriters—F. H. Koller & Co., Inc., is named underwriter.

NATIONAL BELLAS HESS, INC.—William M. Becker, Samuel Cutler, Ira R. Dickson, Arthur E. Dawson and George Marks, voting trustees under voting trust agreement dated Aug. 28, 1945, filed a registration statement for 1,988,448 voting trust certificates for an equal number of shares of common stock, $1 par, of National Bellas Hess, Inc.

Details—See issue of Oct. 4.

METALS DISINTEGRATING CO., INC., on Sept. 28 filed a registration statement for 100,000 shares of common stock (par $1). Of the total, 30,000 shares are being sold by the company and 70,000 shares by certain stockholders.

Details—See issue of Oct. 4.

Offering—The price to the public will be filed by amendment.

Underwriters—Cruttenden & Co., Chicago, heads the underwriting group.

GRAY MANUFACTURING CO. on Sept. 28 filed a registration statement for 95,544 shares of capital stock, par $5.

Details—See issue of Oct. 4.

Underwriters—None named.

AVIATION CORP. on Sept. 28 filed a registration statement for 300,000 shares of cumulative convertible preferred stock (no par). The dividend rate will be filed by amendment.

Details—See issue of Oct. 4.

Offering—Of the 300,000 shares the company is offering 289,675 shares to its common stockholders at a price and on a basis to be filed by amendment. Any unsubscribed shares and the 10,325 additional shares will be purchased by the underwriters and offered to the public at a price to be filed by amendment.

Underwriters—The group is headed by Lehman Brothers and Emanuel & Co.

BARIUM STEEL CORP. on Sept. 28 filed a registration statement for 166,063 shares of common stock, par $1.

Details—See issue of Oct. 4.

Offering—Company is offering to the holders of its common stock the right to subscribe to the new common shares at $3 per share, at the rate of one new share for each five shares held. There are no underwriters, but the corporation reserves the right to sell any unsubscribed shares at a price which will net the corporation at least $3 per share.

Underwriters—Not underwritten.

LEHIGH COAL & NAVIGATION CO. on Sept. 28 filed a registration statement for $13,000,000 sinking fund mortgage bonds, series A, due Oct. 1, 1975. The interest rate will be filed by amendment.

Details—See issue of Oct. 4.

Offering—The price to the public will be filed by amendment.

Underwriters—Drexel & Co. heads the underwriting group.

SATURDAY, OCT. 20

WISCONSIN POWER & LIGHT CO. on Oct. 1 filed a registration statement for 120,000 shares of 4½% preferred stock, cumulative, par $100, to be offered in exchange to holders of 6% and 7% preferred stocks on a share for share basis plus cash adjustments.

Details—See issue of Oct. 4.

Underwriters—The company will form a group of security dealers to obtain acceptances to the company's proposed exchange offer.

PROVINCE OF ALBERTA, CANADA, on Oct. 1 filed a registration statement for $26,093,000 serial debentures due annually on June 1 in 1951 through 1960. The debentures carry interest rates of 2¾% to 3¼%, according to maturity.

Details—See issue of Oct. 4.

Underwriting—First Boston Corp.; Harriman Ripley & Co., Inc.; Smith, Barney & Co.; Halsey, Stuart & Co., Inc.; Wood, Gundy & Co., Inc.; Dominion Securities Corp.; A. E. Ames & Co., Inc.; McLeod, Young, Weir, Inc., and Otis & Co., Inc.

KERITE CO. on Oct. 1 filed a registration statement for 50,000 shares of common stock, par $10. The shares are issued and outstanding and are being sold by certain stockholders.

Details—See issue of Oct. 4.

Offering—The offering price to the public will be filed by amendment. The shares are being sold by certain stockholders included among whom are Lee Higginson Corp. and Chas. W. Scranton & Co., who are also included among the underwriters.

Underwriters—The group is headed by Lee Higginson Corp. and Chas. W. Scranton & Co.

SUNDAY, OCT. 21

WIEBOLDT STORES, INC., on Oct. 2 filed a registration statement for 35,000 shares of cumulative preferred stock (no par). The dividend rate will be filed by amendment.

Details—See issue of Oct. 4.

Offering—Stockholders on Oct. 19 will be asked to approve an issue of 50,000 shares of new cumulative preferred stock and to authorize 160,000 additional common shares. Of the initial series of 35,000 shares, 13,950 new preferred will be offered in exchange share for share for the 13,950 outstanding $5 prior preferred shares and 19,689 shares will be offered in exchange on the basis of 0.51 of a share for one, for 38,606 of the 58,606 outstanding 6% preferred shares. The underwriters will purchase unexchanged stock and 1,361 additional shares.

Underwriters—The group is headed by A. G. Becker & Co., Inc., Chicago.

MONDAY, OCT. 22

DRAVO CORP. has filed a registration statement for 98,232 shares of common stock. Shares are issued and outstanding and are being sold by certain stockholders.

Address—Neville Island, Pittsburgh, Pa.

Business — Engineering - shipbuilding, machinery, etc.

Offering—Price to the public will be filed by amendment.

Proceeds—Proceeds will go to the selling stockholders. Of the 98,232 shares registered, 73,232 shares are being sold by stockholders to the underwriters who will offer them to the public. In addition 25,000 shares are being purchased from certain stockholders by Dravo Corp. for its treasury all of which will be offered by the company to employees and officers selected or approved by the executive committee at the same price at which it purchases the stock.

Underwriters—Group is headed by Mellon Securities Corp.

Registration Statement No. 2-5964. Form S-1. (10-3-45).

COLUMBUS & SOUTHERN OHIO ELECTRIC CO. has filed a registration statement for 133,745 shares of 4¼% cumulative preferred stock.

Address—215 North Front Street, Columbus, Ohio.

Business—Public utility.

Offering—Company is offering the stock in exchange, on a share for share basis, for its outstanding 83,601 shares of 6% first preferred and 50,144 shares of 6½% series B preferred. Deposits must be received by 3 p.m. on Nov. 14, and, in the event that 100,000 or more outstanding shares are deposited, or company shall declare plan effective on the basis of a lesser amount, all of the outstanding first preferred and series B preferred not deposited will be redeemed on Jan. 1 and Feb. 1, 1946, respectively, at $110 per share, plus accrued dividends. Treasury funds will be used to redeem unexchanged shares. The Commission on Aug. 5, 1941, ordered United Light & Railways Co. and Continental Gas & Electric Corp. to divest themselves of all interest in Columbus & Southern. A plan is now on file for sale by Continental to non-affiliated interests of its common stock investment in the company.

Purpose—To effect refinancing of preferred stock.

Underwriters — Merrill Lynch, Pierce, Fenner & Beane are named dealer manager to organize a group of securities dealers to solicit deposits under the exchange plan.

Registration Statement No. 2-5965. Form S-1. (10-3-45).

AMPAL-AMERICAN PALESTINE TRADING CORP. has filed a registration statement for 400,000 shares of 4% cumulative preferred, non-voting shares.

Address — 1140 Broadway, New York, N. Y.

Business—Organized Feb. 6, 1942, to develop trade relations between the United States and Palestine, to assist in the economic development of Palestine, and to afford financial aid to enterprises concerned with colonization work in Palestine. The company owns no property.

Offering—The price to the public is $5.50 per share.

Proceeds—The purpose of the issue is to increase working capital to enable it to participate in the further development of Palestine.

Underwriters—The shares will be sold through the efforts of the directors and employees of the corporation.

Registration Statement No. 2-5966. Form S-1. (10-3-45).

ANGERMAN CO., INC., has filed a registration statement for 90,000 shares of common stock, par $1. The total includes 40,000 shares being sold by David F. Engel, President, who presently owns 125,000 shares of common stock.

Address—519 Eighth Avenue, New York, N. Y.

Business—Operates a chain of 41 retail stores and four leased departments in stores owned by others.

Offering—The price to the public is $8 per share.

Proceeds—The proceeds to the company will be used to pay the balance of a bank loan of $65,500 and $68,517 to reimburse the company for cost of calling the preferred stock. The balance will be used for general corporate purposes.

Underwriters—Van Alstyne, Noel & Co. heads the underwriting group.

Registration Statement No. 2-5967. Form S-1. (10-3-45).

UNITED TRANSIT CO. has filed a registration statement for $10,000,000 convertible 4% sinking fund debentures due Aug. 1, 1965. Of the total $4,000,000 are being sold by present holders.

Address—101 South Davis Avenue, Richmond, Va.

Business—Holding company and operates local transportation systems through subsidiary companies.

Offering—The price to the public will be filed by amendment.

Proceeds—Company will apply net proceeds from sale to the purchase of all the presently outstanding bonds, notes and preferred stocks of subsidiaries, and add the balance to working capital.

Underwriters—The group is headed by Harriman Ripley & Co., Inc.

Registration Statement No. 2-5968. Form S-1. (10-3-45).

POLAROID CORP. has filed a registration statement for 80,875 shares of common stock, par $1.

Address — 211 Massachusetts Avenue, Cambridge, Mass.

Business—Manufacture and sale of light-polarizing and other materials and products, trademarked "Polaroid," and accessories.

Offering—Company is offering the new stock to its stockholders at the rate of one share for each four shares held of record Oct. 11. Certain of the company's stockholders have agreed not to exercise their rights to purchase 34,061 shares which shares are being purchased by the underwriters as well as any other unsubscribed shares. The subscription price will be filed by amendment.

Proceeds—Will be added to general funds of the company. Approximately $750,000 may be used for acquisition of manufacturing and laboratory space, facilities and equipment, and a like amount for investment in additional inventory, according to tentative plans.

Underwriters—Group is headed by Kuhn, Loeb & Co.

Registration Statement No. 2-5969. Form S-1. (10-3-45).

TUESDAY, OCT. 23

CONSOLIDATED CIGAR CORP. has filed a registration statement for $4,000,000 20-year 3¼% debentures due Oct. 1, 1965.

Address — 444 Madison Avenue, New York, N. Y.

Business—Manufacture of cigars.

Offering—The price to the public will be filed by amendment.

Proceeds — The net proceeds, together with other funds, are to be applied to the redemption of the 39,393 outstanding shares of its $4.75 preferred stock at $102.50 per share and accrued dividends.

Underwriters—Eastman, Dillon & Co. heads the group.

Registration Statement No. 2-5970. Form S-1. (10-4-45).

WEDNESDAY, OCT. 24

GAR WOOD INDUSTRIES, INC., has filed a registration statement for 70,000 shares of cumulative convertible preferred stock, $50 par. The dividend rate will be filed by amendment.

Address—7924 Riopelle Street, Detroit, Mich.

Business—Manufacture of a diversified line of products.

Offering—The price to the public will be filed by amendment.

Proceeds—Of the net proceeds, approximately $2,200,000 will be used in payment of the purchase price of approximately 92% of the outstanding capital stock of Buckeye Traction Ditcher Co. Of the remainder approximately $200,000 will be used for the purchase of machinery; and the balance will be added to working capital and will be used to finance sales and for inventory requirements.

Underwriters—The group is headed by Lehman Brothers, Emanuel & Co., and Blair & Co., Inc.

Registration Statement No. 2-5971. Form S-1. (10-5-45).

MAJESTIC RADIO & TELEVISION CORP. has filed a registration statement for 300,000 shares of convertible preferred stock, $5 par.

Address—St. Charles, Ill.

Business—Radio and electronic devices.

Offering—The price to the public is $5 per share.

Proceeds—Of the proceeds not in excess of $300,000 will be applied in partial payment of the cost of land and construction of a new plant at Elgin, Ill., and the balance will be added to working capital. This balance will be expended within the next six months for inventory and purchased parts of the assembly of civilian radio receiving sets under the name and trademark Majestic and Mighty Monarch of the Air.

Underwriters—The group is headed by Kobbe, Gearhart & Co., Inc., and Newburger & Hano.

Registration Statement No. 2-5972. Form S-1. (10-5-45).

SATURDAY, OCT. 27

PACIFIC GAS & ELECTRIC CO. has filed a registration statement for $49,000,000 first and refunding mortgage bonds, series N, 3%, due Dec. 1, 1977.

Address—245 Market Street, San Francisco.

Business—Public utility.

Price—The price to the public will be filed by amendment.

Proceeds—The proceeds from the sale, and treasury funds, will be used to redeem on Jan. 1, 1946, at 105, plus accrued interest, all of its series I, 3½% bonds due June 1, 1966, outstanding in the amount of $49,927,000.

Underwriters—The bonds are to be sold at competitive bidding, and the names of underwriters will be filed by amendment.

Registration Statement No. 2-5973. Form S-1. (10-8-45).

DEVOE & RAYNOLDS CO., INC., has filed a registration statement for $3,500,000 20-year sinking fund debentures, due Oct. 1, 1965. The interest rate will be filed by amendment.

Address—787 First Avenue, New York, N. Y.

Business — Paints, varnishes, lacquers, enamels and paint brushes.

Offering—The price to the public will be filed by amendment.

Proceeds—The proceeds will be applied to the redemption of 27,014 shares of 5% cumulative preferred at $106 per share plus accrued dividends; in part as an advance to Truscon Laboratories, Inc., a subsidiary, to redeem $328,500 purchase money first mortgage 5s. The balance will be added to working capital.

Underwriters—Underwriters are Shields & Co., Lee Higginson Corp.; Eastman, Dillon & Co.; Ladenburg, Thalmann & Co.; Graham, Parsons & Co.; Paine, Webber, Jackson & Curtis; Singer, Deane & Scribner; Auchincloss, Parker & Redpath; Otis & Co.; Baker, Watts & Co.; Moore, Leonard & Lynch; Stein Bros. & Boyce; Farwell, Chapman & Co.; Kalman & Co., Inc.; R. S. Hudson & Co., Inc. and Hill & Co.

Registration Statement No. 2-5974. Form S-1. (10-8-45).

NOMA ELECTRIC CORP. has filed a registration statement for $2,000,000 15-year 4¾% sinking fund convertible debentures, $1,200,000 three-year 2% subordinated convertible notes and 163,120 shares of common which are reserved for conversion of the debentures, notes and common stock purchase warrants entitling the holders to purchase an aggregate of 20,000 shares.

Address—55 West 13th Street, New York, N. Y.

Business — Decorative Christmas ornaments, etc.

Offering—The offering price of the debentures will be filed by amendment.

Proceeds—The total estimated proceeds to be received from the sale of the debentures and notes will be approximately $3,081,980. Of the proceeds a maximum of $1,000,000 will be applied to the payment of the bank loans of Ansonia Electrical Co. in the amount of $500,000 and to the bank loans of the company in the approximate amount of $600,000; approximately $608,793 will be applied to reimburse the treasury of Ansonia for its cash outlay in connection with the purchase of 200,000 shares of Triumph Industries, Inc., at a total cost of $1,108,798 and the balance added to general working funds.

Underwriters—Reynolds & Co. heads the underwriting group.

Registration Statement No. 2-5975. Form S-1. (10-8-45).

SUNDAY, OCT. 28

WASHINGTON STEEL CORP. has filed a registration statement for 158,110 shares of common stock, par $1, with subscription warrants attached.

Address—9 East Beau Street, Washington, Pa.

Business—The company was organized on April 16, 1945, and plans to roll and finish stainless steel.

Offering—Of the total registered 135,000 shares will be offered by the underwriters at a price to be filed by amendment. In addition, the company proposes to sell 23,110 shares of common without underwriters at $10 per share or a total of $231,100.

Proceeds—Of the net proceeds it is expected that $70,000 will be used to retire the mortgage upon the company's land and buildings and that $787,355 will be used for the purchase and installation of machinery and equipment. The balance will be used as working capital.

Underwriters—Singer, Deane & Scribner heads the underwriting group.

Registration Statement No. 2-5977. Form S-2. (10-9-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN COLORTYPE CO. on Sept. 13 registered 39,221 shares of 4½% cumulative convertible preferred stock (par $50).

Details—See issue of Sept. 20.

Offering—Holders of common stock of record Oct. 3 are given the right to subscribe at $50 per share for the 39,221 shares of 4½% cumulative preferred stock at rate of one share of preferred for each four shares of common stock held. Rights expire Oct. 15. Preferred shares not taken by common stockholders are to be offered to holders of company's 5% preferred stock in exchange for their present holdings on the basis of 2 1-10th shares of 4½% preferred stock plus $5 in cash for each share of 5% preferred presented for exchange.

Underwriters—White, Weld & Co. named principal underwriters.

AMERICAN CENTRAL MANUFACTURING CORP. on Aug. 24 filed a registration statement for 145,088 shares of common stock, par $1.

Details—See issue of Aug. 24.

Offering—The company is offering the new stock for subscription by its common stockholders of record Oct. 16 on the basis of one additional share for each 2½ shares held at $14.50 per share. Rights expire Oct. 30. Of the total, 85,304 shares will be offered to Aviation Corp., as stockholder, and 59,784 shares will be offered to other stockholders. Any shares not subscribed by other stockholders will be purchased by Aviation Corp.

Underwriters—None named.

ANCHORAGE HOMES, INC. on July 17 filed a registration statement for 505,000 shares of Class A capital stock, par $1. and 250,000 shares of Class B stock, par 10 cents.

Details—See issue of July 26.

Offering—There is to be presently offered to the public 250,000 shares of Class A and 50,000 shares Class B to be offered in units of 10 shares of Class A and 2 shares of Class B at a price of $60.20 per unit.

Underwriters—Andre de Saint-Phalle & Co., heads the underwriting group.

ARDEN FARMS CO. on Aug. 31 filed a registration statement for 50,000 shares of $3 cumulative and participating preferred stock, without par value.

Details—See issue of Sept. 6.

Offering—The company has granted holders of its preferred stock rights to subscribe to the new preferred at the rate of one share for each 2½ shares held at $52 per share. Unsubscribed shares shall be sold at such price as fixed by the board of directors.

Underwriters—To be filed by amendment.

BENSON HOTEL CORP. on Aug. 22 filed a registration statement for $440,000 first refunding mortgage serial and sinking fund bonds series A dated July 2, 1945, due serially Jan. 1, 1946 to July 1, 1957.

Details—See issue of Aug. 30.

Offering — The offering price to the public will be as follows: $75,000 of 3s at 100.50, $84,000 of 3¼s at 100.75 and $281,000 of 3½s at 101.

Underwriters—B. C. Ziegler & Co., West Bend, Wis., is named underwriter.

BURRILLVILLE RACING ASSOCIATION on Aug. 28 filed a registration statement for $1,000,000 6% 20-year debentures due Sept. 1, 1965, and 10,000 shares class A stock (no par).

Details—See issue of Sept. 6.

Offering—The public offering price for a unit consisting of $500 of debentures and five shares of stock is $500 with the underwriter receiving a commission of $25

Underwriters—Barrett & Co., Providence, R. I., underwriters.

CENTRAL OHIO LIGHT & POWER CO. on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

CINCINNATI GAS & ELECTRIC CO. on Sept. 8 registered $45,500,000 first mortgage bonds due 1975 and 270,000 shares of cumulative, $100 par, preferred stock.

Details—See issue of Sept. 13.

Offering—Offering price of bonds to be filed by amendment. The dividend and interest rate on preferred and bonds will be filed by amendment. Company will offer the 270,000 shares of new preferred stock in exchange to holders of the presently outstanding 400,000 shares of our preferred stock on a share for share basis. New preferred not taken in exchange will be sold to underwriters.

Underwriters—To be sold at competitive bidding.

Bids Invited—Company will receive bids up to 11 a.m. EST Oct. 16 for the purchase of the bonds and the purchase of such shares not exchanged, the purchasers to specify the coupon and dividend rates.

CONTAINER ENGINEERING CO. on June 15 filed a registration statement for 25,000 shares common stock (par $10).

Details—See issue of June 21.

Offering—Price to the public is given as $35 per share.

Underwriters—William L. Ullrich, St Louis, will manage the sale of the entire issue.

COVENTRY GOLD MINES, LTD. on April 21 filed a registration statement for 333,333 shares of common stock.

Details—See issue of April 26.

Offering—Price to the public is 30 cents per share.

Underwriters—None named. The company proposes to market its own securities

CROWN ZELLERBACH CORP. on Sept. 6 registered 353,103 shares of $4.20 cumulative preferred stock (no par) and 176,552 shares of $4 cumulative second preferred stock (no par). Second preferred is convertible into common.

Details—See issue of Sept. 13.

Offering—Holders of the presently outstanding 529,655 shares of $5 preferred are offered the right to exchange their stock on or before Oct. 13 for the new preferred stocks on the basis of ⅔ of a share of 1st preferred and ⅓ share of second preferred for each share now held. Shares of 1st and 2nd preferred not taken in exchange will be sold to underwriters.

Underwriters—Blyth & Co., Inc. principal underwriter.

DEVOE & RAYNOLDS CO., INC., on Sept. 14 registered 40,437 shares of Class A stock (no par).

Details—See issue of Sept. 20.

Offering—35,827 shares of new class A stock is offered for subscription to holders of presently outstanding class A and class B stock, at $60 per share, on the basis of one share of new class A for each 4 shares of class A held and one share of new class A for each 20 shares of class B held. Rights accrue to holders of record Oct. 4 and expire Oct. 20. Shares not taken by present shareholders and the remainder not offered present shareholders will be sold to public.

Underwriters — Shields & Co. named principal underwriter.

EVERSHARP, INC., on July 9 filed a registration statement for 32,500 shares of common stock, par $1. Shares are issued and outstanding and are being sold for the account of certain stockholders.

Details—See issue of July 19.

Offering—The price to the public will be filed by amendment.

Underwriters—Lehman Brothers heads the underwriting group.

Registration Statement withdrawn Oct. 3, 1945.

FRONTIER REFINING CO. on Aug. 25 filed a registration statement for $400,000 5% sinking fund debentures, due Sept. 1, 1950.

Details—See issue of Aug. 30.

Offering—Price to the public will be 100.50.

Underwriters—Boettcher & Co., Peters, Writer & Christensen, Inc., and Sidlo, Simons, Roberts & Co.

MARICOPA RESERVOIR & POWER CO. on June 29 filed a registration statement for $3,343,500 4% income debentures due May 1, 1970, and 4,458 shares of common stock, no par.

Details—See issue of July 5.

Offering—Company is offering, to holders of $3,343,500 3% income bonds due Oct. 1, 1959, units consisting of $750 of 4% income bonds and one share of its common stock, in exchange for each $750 outstanding income bond, in connection with the plan of reorganization.

Underwriters—The Dunne-Israel Co.

MONTANA-DAKOTA UTILITIES CO. on July 25 filed a registration statement for 223,351 4-6 shares of common stock (par $5).

Details—See issue of Aug. 2.

Offering—Price to the public will be filed by amendment.

Underwriters—Blyth & Co., Inc.

MORRIS PLAN CORP. OF AMERICA on Aug. 24 filed a registration statement for 937,500 shares of common stock, par value 10 cents.

Details—See issue of Aug. 30.

Offering—Common stockholders of the Morris Plan Corp. of America are being offered rights to purchase additional common stock of the company at $8 per share in the ratio of 1 3-5 shares for each share held and stockholders of Industrial Finance Corp. are being offered the right to buy Morris Plan Corp. common stock at $8 per share on the basis of 18½ shares for each share of 7% preferred stock and 4-10 share for each share of common stock held. The offer is being made in accordance with the terms of an agreement under which American General Corp. purchased 937,500 shares of common stock of The Morris Plan Corp. of America at $8 per share last August. Offered to holders of record Oct. 10, 1945, the rights expire with the close of business Oct. 30.

Underwriters—American General Corp. is named underwriter.

MURRAY CORP. OF AMERICA on Sept. 6 filed a registration statement for 104,500 shares cumulative preferred stock, 4% series, $50 par.

Details—See issue of Sept. 13.

Offering—The company is offering the 104,500 shares of preferred to the holders of its common stock for subscription prior to Oct. 8, 1945, at $50 per share at the rate of 11 shares of preferred stock, for each 100 shares of common stock held of record Sept. 26. The underwriters have agreed to purchase any unsubscribed shares.

Underwriters—The underwriting group is headed by Harriman Ripley & Co., Inc., and Watling, Lerchen & Co.

POTOMAC EDISON CO. on April 19 filed a registration statement for 63,784 shares of 4½% preferred stock (par $100).

Details—See issue of April 26.

Offering—The company is offering the 63,784 shares of preferred stock in exchange for the 29,182 shares of 7% and 34,602 shares of 6% preferred stock now outstanding on a share for share basis with a dividend adjustment in each case and $5 in cash for each share of 7% preferred stock exchanged.

Underwriters — The company has retained Alex. Brown & Sons as dealer-manager to aid it in obtaining acceptances of the exchange offer.

RED BANK OIL CO. on May 31 filed a registration statement for 990,793 shares of common stock (par $1).

Details—See issue of June 7.

Offering—Of the shares registered Bennett & Co., Inc., parent of Red Bank, will receive 209,970 shares in return for a like number of shares loaned to the registrant in connection with the acquisition of 54% of the outstanding stock of Seatex Oil Co., Inc. In addition, 150,000 of the shares registered will be issued to stockholders of Federal Steel Products Corp. in exchange for all of Federal's stock. Bennett & Co., Inc., is the sole underwriter as to an additional 100,000 shares of common registered. The balance of 530,823 shares of stock being registered have heretofore been issued to Bennett & Co., Inc., in exchange for various obligations of the registrant.

Underwriters — Principal underwriter Bennett & Co., Inc., Dallas, Texas.

Stop Order Hearings—Hearing set for Sept. 10 to determine whether a stop order should be issued suspending effectiveness of registration statement, has been postponed.

ROBERTS TOWING COMPANY on July 11 filed a registration statement for $500,000 serial 4½% equipment trust certificates.

Details—See issue of July 19.

Offering—The price to the public of the different series ranges from 99 to 102. The average price to the public is given as 100.47.

Underwriters—S. K. Cunningham, Inc., Pittsburgh, and John Nordman Co., St. Louis, Mo.

SUN-KRAFT, INC. on August 8 filed a registration statement for 100,000 shares of 30-cent cumulative convertible preferred stock and 200,000 shares of common reserved for conversion of the preferred.

Details—See issue of Aug 16.

Offering—The price to the public is $5 per share. In addition to the 90,000 shares which are to be offered to the public, 10,000 shares of the preferred are to be issued by the company to the estate of Eben D. Norton in exchange for 100,000 shares of common stock owned by the estate. These 100,000 shares of common are to be retired and cancelled.

Underwriters—Floyd D. Cerf Co. is named principal underwriter.

VALLEY OSAGE OIL CO. on Aug. 13 filed a registration statement for 143,659 shares of class A stock. Of the shares registered 113,468 are being sold by the registrant and 30,191 shares are issued and outstanding and are being sold on behalf of the Thomas Gilcrease Foundation.

Details—See issue of Aug. 16.

Offering—The price to the public is $12.50 per share.

Underwriters—The underwriter is Gilcrease Oil Co. of Texas, 165 Broadway, New York, N. Y.

VIRGINIA RED LAKE MINES, LTD. on June 24 filed a registration statement for 220,000 shares of capital stock, par $1 (Canadian).

Details—See issue of Aug. 2.

Offering—The offering price to the public is 60½ cents Canadian or 55 cents United States funds.

Underwriters—Willis E. Burnside & Co., New York.

WILSON & CO., INC., on Sept. 10 filed a registration statement for 250,000 shares of cumulative preferred stock and on unspecified number of common shares.

Details—See issue of Sept. 13.

Underwriters—Smith, Barney & Co. and Glore, Forgan & Co. named principal underwriters.

Financing Temporarily Postponed—It was announced Sept. 28 that the proposed financing was temporarily postponed.

Nationalization of Bank of England

(Continued from page 1691)

Threadneedle Street" with the banks.

The Bill's important banking control provisions described below apply equally to the American banks in London as to all others. In effect, the Bank of England may compel these privately owned banks to buy more Government bonds, and so alter their reserve ratios. The minimum cash reserve ratio of British banks is not statutory as in America. This new power is not only far-reaching. It may establish a precedent for democratic countries. By mere legislation, credit in Great Britain becomes a national resource, thus implementing the Labor Party's campaign platform pledge.

The Bank Nationalization Bill specifically provides: first, for the acquisition of the shares by the Bank by a Treasury nominee; second, the Government appointment of the Governor, Deputy Governor and Directors of the Bank; third, the empowering of the Treasury to give orders to the Bank of England; fourth, empowering the Bank, with Treasury authorization, to compel bankers to supply information and carry out its recommendations.

For their shares, stockholders will receive transferable 3% Consols, equivalent to the capitalization of the Bank's average dividends for the past 20 years. While the public debt thus will be increased by some 58 million sterling, the servicing of the increase will come out of the prescribed semi-annual Bank of England payments into the Treasury. Any additional earnings will be accumulated and may sometime provide the means for redeeming the Consols. These bonds will be callable, commencing April, 1966.

The Bank of England has £14,533,000 of capital stock outstanding. At the recapture price, under the terms of nationalization, the value would be around £58,000,000, or approximately slightly less than $232,000,000. The average dividend paid by the bank in the last 20 years is computed as about 12%, so the basis of the exchange of Bank shares for the British Treasury 3% bonds would be a ratio for £400 in bonds for £100 par value of shares.

The ownership of shares of the Bank ceases to be required of court members (i.e., the directors). The Government says that technically the Bank's personnel won't become civil servants.

The Bill is to take effect within three months after passage through Parliament.

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H. P. Hayden Joins Hornblower & Weeks

CHICAGO, ILL. — Herbert P. Hayden has become associated with Hornblower & Weeks, 39 South La Salle Street, in the underwriting department. Mr. Hayden was formerly proprietor of H. P. Hayden & Co.

Schaffer Now Director of Rambo, Keen Firm

PHILADELPHIA, PA.—Russell W. Schaffer, manager of the municipal bond department of Rambo, Keen, Close & Kerner, Inc., 1518 Locust Street, has been elected a director of the company. Mr. Schaffer will continue as manager of the municipal department.

PANAMA COCA-COLA
Quarterly dividend payable October 15, 1945 — $.50
DIVIDENDS:
1945 (to date) $2.25 — 1944 $2.75 — 1943 $4.50
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J. P. Morgan & Co. Announce 2 New Directors

At a regular meeting of the Board of Directors of J. P. Morgan & Co. Incorporated held on Oct. 3, Messrs. Nelson Dean Jay and Bernard S. Carter were elected members of the Board.

Mr. Jay is President and Director of Morgan & Cie. Incorporated, Paris. He was born at Elmwood, Illinois, in 1883 and was graduated from Knox College in 1905. He became a partner in Morgan, Harjes & Co., Paris, in 1920, and on the incorporation of the successor firm of Morgan & Cie. in June of this year he assumed the Presidency. In September 1941, on the invitation of Mr. Norman H. Davis, Chairman of the American Red Cross, Mr. Jay had become Assistant to the Chairman and a member of the Administrative Committee, and he served in that position until October 1944, when he resigned in anticipation of his return to Paris.

Nelson Dean Jay

Bernard S. Carter

Mr. Carter is Executive Vice-President and Director of Morgan & Cie. Incorporated, Paris. He was born in 1893 at Biarritz, France, his father, the late John Ridgeley Carter, serving at tnat time in the American diplomatic corps. He was graduated from Harvard in 1915. He was a partner of Morgan, Harjes & Co. from 1924 on. In 1941-42 Mr. Carter was the American Red Cross Delegate to Great Britain. Soon after the United States became a belligerent, he joined the United States Army and served on General Patton's staff in the North African, Sicilian, and French campaigns. He retired as Colonel in August of this year.

Grimm & Co. to Open In N. Y. on Oct. 19

Grimm & Co. will open offices in New York City at 44 Wall Street, as of Oct. 19. Partners of the new firm, which will be a member of the New York Stock Exchange, will be John Grimm, Irvin Hood, A. J. Morison, and Lester Talbot, Exchange member, general partners; and Josephine Brinton Grimm, limited partner.

Formation of Grimm & Co. was previously reported in the "Chronicle" of Aug. 9.

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Volume 162 Number 4428 New York, N. Y., Thursday, October 11, 1945 Price 60 Cents a Copy

The Financial Situation

However unfortunate the epidemic of strikes and threats of strikes, however unwise labor leaders may be in their current behavior, and however "irresponsible" many of the rank and file of the wage earners of the country have proved themselves to be, it must be said in all candor that the labor difficulties now being encountered are the natural outgrowth of what has gone before. Not, of course, by way of undertaking any defense of the unions of the country, but rather in order to know better how to deal with the situation by which we are now confronted, and to make sure if that may be that we shall not repeat the blunders which are in very substantial part responsible for present difficulties, it is worth while to analyze the situation carefully.

Human nature being what it is, we must apparently always expect labor strife whenever general conditions seem to the rank and file of the workmen to be favorable for exerting pressure upon their employers, and particularly when in addition the treasure chests of the unions are well filled. Business—as well as the general community—is almost feverishly eager to get back to a peace footing as quickly as possible. It is exceedingly loath to permit anything to get in the way of rapid "reconversion." It is, on the whole, convinced that demand for goods will be substantial—that given any sort of reasonable conditions under which to operate money can be made during the next few years. Moreover, it realizes the goodwill which prompt return to normal employment and civilian production would bring it—and it values public goodwill as never before.

The Position of Business

Business is not nearly so bloated with cash and other "quick" assets as many would have us believe. It is true

(Continued on page 1748)

Byrnes Tells of Peace Parley

In Radio Address He Outlines Russia's Attitude and States U. S. Position. Says Some Points of Agreement Were Arrived At, But Disputes Russian Delegation's Interpretation of Potsdam Agreement Regarding Representation of Full Council in Deliberations. Holds Peace Must Be Among Peoples and Not Governments and Denies Unfriendliness Toward Russia as Determining Our Attitude in Balkans. Concludes We Must Not Relax in Our Efforts to Achieve a Just and Lasting Peace.

Secretary of State James F. Byrnes, recently arrived from London where, for three weeks as a member of the Council of Foreign Ministers established by the Potsdam Conference to settle peace terms with the Axis satellittes, he participated in deliberations with other representatives of the Five Powers, spoke over the Columbia Broadcasting network on Friday, Oct. 5. In his address, Secretary Byrnes, though admitting at the outset that the London parley "closed in a stalemate," reported that unanimity on several matters had been achieved, and that "undeterred by temporary setbacks. . . . "We must not relax in our efforts to achieve a just and lasting peace for ourselves and for all nations." The text of the address follows:

James F. Byrnes

The first session of the Council of Foreign Ministers closed in a stalemate. But that need not, and should not, deprive us of a second and better chance to get on with the peace.

In the past I have been both criticized and commended for being a compromiser. I confess that I believe that peace and political progress in international affairs as in domestic affairs depend upon intelligent compromise. The United States delegation acted in that spirit at Berlin. We acted in that spirit at London. And we shall continue to act in that spirit at future conferences.

That spirit is essential in international conferences where action can be taken only by unanimous agreement. When any one member can prevent agreement, compromise is a necessity. Men and women who have served on a jury can appreciate that.

Compromise, however, does not

(Continued on page 1750)

Here and There

By A. WILFRED MAY

For the development of atomic energy for industrial use the most reliable estimate of the amount of money required lies in the five- to seven-hundred million dollar range. The method of such financing will present a problem; shall it be done exclusively by private industry with ownership remaining there, or shall private capital be accompanied by Government subsidy? Atomic energy, it is anticipated, will be used in making of new types of steel, various metals, products for medicinal use, and as a means for using solar energy for industrial purposes. It is highly dubious whether it will ever be economically practicable as a substitute for coal and other cheap fuels.

The fallacy in much of the discussion over whether to disclose our atomic achievement to other nations lies in the assumption that it involves merely a simple formula like a recipe from a cookbook, which can be readily transmitted in a trans-Atlantic telephone conversation. Actually the processes involve several thousand different patents, and are the product of this country's unparalleled industrial techniques and "know-how," without which our progress cannot be matched by other nations for years. They represent development over a span of years by the managerial brains and facilities of our greatest corporations, such as DuPont, Union Carbide, Radio Corporation, Eastman, etc.

* * *

In laying his recommendations on excess profits taxation before the House Ways and Means Committee last week Secretary of the Treasury Vinson, seems to have committed a serious double-error of commission as well as of omission. Affirmatively he stated that the excess profits tax has constituted an important contribution "to the maintenance of economic stability." In reality this technique of taxation—as had been forecast — encouraged enormous

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U. S. Must Assume Principal Role In Keeping World Peace: Truman

President Says He Will Not Shirk the Job, and Urges an Understanding of the Difficulties He Faces. Warns Road to Peace May Be More Difficult Than Road to Victory and Calls for Cooperation at Home and Abroad. Reasserts Attitude Against Isolation and Asks Labor, Management and Agriculture to Join in Showing the World Our Ability to Effect a Rapid Peacetime Conversion. Asserts "We Cannot Stand Another Global War."

In an extemporaneous address at Caruthersville, Mo., on Oct. 7, President Harry S. Truman spoke of the responsibilities and difficulties facing him in solving the problems of both "peace at home and peace abroad" and stated firmly that "I shall not shirk the job." He reviewed the progress toward international cooperation since he took office and reasserted his attitude against a policy of isolation. He called for American leadership in making the peace and urged that labor, management and agriculture cooperate and thus show the world that we are efficient in accomplishing reconversion from war to peace.

President Truman

The full text of his address, as reported by the Associated Press, follows:

My friends of Southeast Missouri, Northeast Arkansas, Tennessee, Kentucky and Illinois:

It is a pleasure to be here today. Once again I'm your guest at the American Legion Fair. It is a customary procedure for me. This is number 12. I came down here the first time, as I remember correctly, in 1934.

At that time I was the presiding judge of the County Court of Jackson County and a candidate for United States Senator. The next time I came I was the United States Senator from Missouri and for nine times I came down here as the Senator from Missouri because I like to come.

I have almost as many friends in this part of the great State of Missouri as I have in Jackson County, and that is really saying something.

(Continued on page 1753)

From Washington Ahead of the News

By CARLISLE BARGERON

One of Henry Wallace's men was circulating amongst us the other night with this story: A soldier in the South Pacific wrote to his father to this effect: "I see, after I have fought the war, that Truman is giving the country back to the men whom Roosevelt took it away from." The significant thing, whether any soldier wrote that or not, is that the Wallace camp would be circulating it. Certainly, it is not a thing for a loyal member of the Truman official family to be circulating. It is but further proof of the story, which we wrote sometime ago, that Wallace is looking for an ideological split with Truman so that he can become the great leader of the common man, among whom, of course, there is nobody any commoner than Henry.

Carlisle Bargeron

There is no indication, however, that this situation has had any influence on Truman. What did seem to have a little effect, though, was a recent visit to Bob Hannegan, chairman of the Democratic National Committee, and the man responsible for Truman, by a delegation of high CIO moguls. They are reported to have talked turkey to him, to have told him that they had gone to bat for the Roosevelt-Truman ticket and that unless there was a change in attitude on the part of the Democratic party, they intended to switch their CIO-PAC political support to the Republicans. Notwithstanding that Bob has been going around the country making conservative speeches, this is said to have excited him, and he went hot-footing to the White House. The result of this visit was that Mr. Truman sought to become a "leader." This writer has always been interested in how men become "leaders" and he was more than interested this time. Mr. Truman attempted to do it through the simple device of calling the House Ways and Means Committee before him, the committee being in the act of considering the full employment bill and the one to give workers up to $25 a week unemployment compensation, and speaking "vigorously." We had to have the word of Charlie Ross, the White House press secretary, to tell us that Mr. Truman really talked to these fellows "vigorously." We have always wanted to see such a show as this.

It so happens that regardless of

(Continued on page 1755)

President Urges Legislative Control of Atomic Power—House Group Asks Secrecy

In a message to Congress on Oct. 3 President Truman recommended that steps be taken to outlaw the use of atomic power as a destructive force to mankind and to promote its further development for the benefit of humanity, Associated Press Washington advices stated, adding that the President had made it clear that he intended to keep the principle of the atomic bomb secret while discussing with other powers ways of using the "revolutionary" new knowledge for "peaceful and humanitarian ends."

The President's chief recommendation, the Associated Press continued, was that Congress authorize a United States Atomic Energy Commission to control domestic sources and the development of atomic energy for industrial uses. This Commission would have vast powers to buy, or take by condemnation all minerals and lands which can supply atomic energy.

The War Department and Congress moved swiftly to act on the President's recommendations for the Commission. Chairman May (Dem., Ky.) introduced legislation to carry out Mr. Truman's request.

The bill was sent to Mr. May by Secretary of War Patterson with a plea for immediate action. Secretary Patterson said the misuse of atomic energy "by design or through ignorance, may inflict incalculable disaster upon the nation, destroy the general welfare, imperil the national safety and endanger world peace."

The President went on to say, according to the Associated Press, that he proposed to initiate discussions with Great Britain and Canada looking to international agreements outlawing the use of atomic bombs.

Other nations, presumably including Soviet Russia, will be brought into the discussions later. At the same time the President stressed that—temporarily at least—the secret of the bomb would not be disclosed to others outside the Great Britain-Canada-United States group.

The President further stated:

"I desire to emphasize that these discussions will not be concerned with disclosures relating to the manufacturing processes leading to the production of the atomic bomb itself.

"They will constitute an effort to work out arrangements covering the terms under which international collaboration and exchange of scientific information might safely proceed."

The outcome of the discussions will be reported to the Congress as soon as possible, and any resulting agreements requiring Congressional action will be submitted to the Congress.

But regardless of the course of discussions in the international field, I believe it is essential that legislation along the lines I have indicated be adopted as promptly as possible to insure the necessary research in, and development and control of, the production and use of atomic energy.

In part, the President's message as given in United Press accounts from Washington, also said:

Almost two months have passed since the atomic bomb was used against Japan. That bomb did not win the war, but it certainly shortened the war. We know that it saved the lives of untold thousands of American and Allied soldiers who would otherwise have been killed in battle.

The discovery of the means of releasing atomic energy began a new era in the history of civilization. The scientific and industrial knowledge on which this discovery rests does not relate merely to another weapon. It may some day prove to be more revolutionary in the development of human society than the invention of the wheel, the use of metals, or the steam or internal combustion engine.

Never in history has society been confronted with a power so full of potential danger and at the same time so full of promise for the future of man and for the peace of the world. I think I express the faith of the American people when I say that we can use the knowledge we have won, not for the devastation of war, but for the future welfare of humanity.

To accomplish that objective we must proceed along two fronts—the domestic and the international.

The first and most urgent step is the determination of our domestic policy for the control, use and development of atomic energy within the United States.

We cannot postpone decisions in this field. The enormous investment which we made to produce the bomb has given us the two vast industrial plants in Washington and Tennessee, and the many associated works throughout the country. It has brought together a vast organization of scientists, executives, industrial engineers and skilled workers—a national asset of unestimable value.

The powers which the Congress wisely gave to the Government to wage war were adequate to permit the creation and development of this enterprise as a war project. Now that our enemies have surrendered, we should take immediate action to provide for the future use of this huge investment in brains and plant. I am informed that many of the people on whom depend the continued successful operation of the plants and the further development of atomic knowledge, are getting ready to return to their normal pursuits. In many cases these people are considering leaving the project largely because of uncertainty concerning future national policy in this field. Prompt action to establish national policy will go a long way toward keeping a strong organization intact.

It is equally necessary to direct future research and to establish control of the basic raw materials essential to the development of this power whether it is to be used for purposes of peace or war. Atomic force in ignorant or evil hands could inflict untold disaster upon the nation and the world. Society cannot hope even to protect itself—much less to realize the benefits of the discovery—unless prompt action is taken to guard against the hazards of misuse.

I therefore urge, as a first measure in a program of utilizing our knowledge for the benefit of society, that the Congress enact legislation to fix a policy with respect to our existing plants, and to control all sources of atomic energy and all activities connected with its development and use in the United States.

The legislation should give jurisdiction for these purposes to an Atomic Energy Commission with members appointed by the President with the advice and consent of the Senate.

The Congress should lay down the basic principles for all the activities of the Commission, the objectives of which should be the promotion of the national welfare, securing the national defense, safeguarding world peace and the acquisition of further knowledge concerning atomic energy.

The people of the United States know that the overwhelming power we have developed in this war is due in large measure to American science and American industry, consisting of management and labor. We believe that our science and industry owe their strength to the spirit of free inquiry and the spirit of free enterprise that characterize our country. The Commission, therefore, in carrying out its functions should interfere as little as possible with private research and private enterprise, and should use as much as possible existing institutions and agencies. The observance of this policy is our best guarantee of maintaining the preeminence in science and industry upon which our national well-being depends.

All land and mineral deposits owned by the United States which constitute sources of atomic energy, and all stock piles of materials from which such energy may be derived, and all plants or other property of the United States connected with its development and use should be transferred to the supervision and control of the commission.

The Commission should be authorized to acquire at a fair price, by purchase or condemnation, any minerals or other materials from which the sources of atomic energy can be derived, and also any land containing such minerals or materials, which are not already owned by the United States.

The power to purchase should include real and personal property outside the limits of the United States.

The Commission should also be authorized to conduct all necessary research, experimentation and operation for the further development and use of atomic energy for military, industrial, scientific or medical purposes. In these activities it should, of course, use existing private and public institutions and agencies to the fullest practicable extent.

Under appropriate safeguards, the Commission should also be permitted to license any property available to the Commission for research, development and exploitation in the field of atomic energy. Among other things such licensing should be conditioned of course upon a policy of widespread distribution of peacetime products on equitable terms which will prevent monopoly.

In order to establish effective control and security, it should be declared unlawful to produce or use the substances comprising the sources of atomic energy or to import or export them except under conditions prescribed by the Commission.

Finally, the Commission should be authorized to establish security regulations governing the handling of all information, material and equipment under its jurisdiction. Suitable penalties should be prescribed for violating the security regulations of the Commission or any of the other terms of the act.

The other phase of the problem is the question of the international control and development of this newly discovered energy.

In international relations as in domestic affairs, the release of atomic energy constitutes a new force too revolutionary to consider in the framework of old ideas. We can no longer rely on the slow progress of time to develop a program of control among nations. Civilization demands that we shall reach at the earliest possible date a satisfactory arrangement for the control of this discovery in order that it may become a powerful and forceful influence toward the maintenance of world peace instead of an instrument of destruction.

Scientific opinion appears to be practically unanimous that the essential theoretical knowledge upon which the discovery is based is already widely known. There is also substantial agreement that foreign research can come abreast of our present theoretical knowledge in time.

The hope of civilization lies in international arrangements looking, if possible, to the renunciation of the use and development of the atomic bomb, and directing and encouraging the use of atomic energy and all future scientific information toward peaceful and humanitarian ends. The difficulties in working out such arrangements are great. The alternative to overcoming these difficulties, however, may be a desperate armament race which might well end in disaster. Discussion of the international problem cannot be safely delayed until the United Nations organization is functioning and in a position adequately to deal with it.

On Oct. 1, President Truman was urged by a group of Representatives just returned from a tour of United States military installations around the world to maintain the secret of the atomic bomb pending a report of findings by a Commission composed of scientists who directed the project, the Joint Chiefs of Staff, the State Department and Congress. We quote from Washington advices Oct. 1 to the New York "Times," which in part added:

The Congressional group, composed of members of the House Appropriations Subcommittee for the War Department, expressed their views in a report of conclusions including a recommendation that the United States keep possession of enemy islands in the Pacific, to the end that "we should never have to take them again."

Meanwhile Rep. Jerry Voorhis of California appealed to the House to heed the word of scientists who had agreed that an international authority should be established to control the use and development of the atomic bomb.

"I believe America could force this if we said we would give information regarding the release of atomic energy to such a world authority and to no one else," Representative Voorhis told the House.

He said he had been informed that 96% of the scientists who worked on the atomic bomb were agreed that control of the weapon should be vested in a world authority.

$40 Billion Cut in Appropriations Is Sought by Truman

In a recapitulation issued by the White House, Oct. 3, it was pointed out that during September President Truman had recommended reductions of $39,750,000,000 in appropriations available for the current fiscal year, special Washington advices to the New York "Times" stated, and continued:

Of the amount recommended for repeal by Congress, $28,700,000,000 was in appropriations for the Army and $8,300,000,000 for the Navy, with another $2,800,000,000 for war emergency agencies and war-related activities.

In addition the President asked reductions of more than $4,000,000,000 in contract authorizations, $5,300,000,000 in unrequired balances in prior year appropriations and $9,318,307 in administrative expenses of Government corporations.

Another $1,190,500 was recommended to be returned to the Treasury from Government corporations established by the Office of Inter-American Affairs.

"In transmitting his recommendations the President has in each indicated to the Congress that all war and war-related appropriations will be under continuous study," the White House announcement said, adding:

"He has declared that he plans another full review of such appropriations and will make a report to Congress on Jan. 3, 1946, containing recommendations for further adjustments."

Cotton Report as of October 1, 1945

A 1945 cotton crop for the United States of 9,779,000 bales of 500 pounds gross weight is forecast by the Crop Reporting Board, based upon information as of Oct. 1. This is a decrease of 247,000 bales or 2.5% below the forecast as of Sept. 1 and compares with 12,230,000 bales produced in 1944 and the ten (1934-43) year average of 12,293,000 bales. Lint yield per acre for the United States, computed at 260.7 pounds, is 32.8 pounds below last year's record yield but 29.7 pounds above the 10-year 1934-43) average.

In the Carolinas, continued wet weather during September, together with the torrential rains which accompanied the mid-month tropical hurricane, further reduced prospective production. Rotting of bolls and sprouting of seed in the burr was general in coastal areas of these States, while in Piedmont counties heavy foliage and lack of sunshine delayed opening. In the northern half of Georgia the crop outlook improved but this was more than offset by losses in southern counties.

In Alabama, the crop outlook improved during last month. In Tennessee and Missouri, where the crop is unusually late, boll development indicated a slight improvement in crop prospects. In Louisiana and Mississippi and central and eastern Texas open bolls showed more weevil damage than had been anticipated and indicated production declined. In northwest Texas, hot, dry winds damaged late-planted cotton. Prospects in Arkansas show no change, but in Oklahoma dry, hot weather followed by rains of flood proportions damaged the crop very seriously.

The crop is extremely late and the percent ginned to date is near a record low. In the northern half of the Cotton Belt plant growth is unusually large and foliage is heavy, delaying opening and increasing potential damage in case of early frost.

No estimate of cottonseed production will be made until December. However, if the ratio of lint to cottonseed is the same as the average for the past 5 years, production of cottonseed would be 4,030,000 tons.

The Bureau of the Census reports that 2,176,023 bales of cotton were ginned from the crop of 1945 prior to Oct. 1, compared with 3,988,150 bales for 1944 and 5,749,745 bales for 1943.

President Orders Navy Reorganization

President Truman has laid out a reorganization plan for the Navy which calls for the setting up of a central office to co-ordinate research, experimental and development activities, the Associated Press reported from Washington, Oct. 2, adding that the White House announcement included the statement that the changes were being made at Presidential direction to permit a test period before any formal recommendations are made to Congress. The President's order, according to the Associated Press, specified abolition of the wartime post of Fleet Commander in Chief, with transfer of his duties to the Chief of Naval Operations. Fleet Admiral Ernest J. King holds both posts, and the Navy said he would continue to do so temporarily. The press advices added:

Taking note that Navy activities fall into three main categories—military, administrative and industrial—the order calls upon the Secretary to assign duties among the various branches to reflect this fundamental division.

It was not immediately clear what effect the reorganization would have. The White House said it had been ordered to take advantage of wartime experience.

The State of Trade

Industrial output last week tapered off slightly, but the level of production continues very high and above prewar years. Prevailing strikes in such important industries as oil and coal proved detrimental to reconversion progress in many fields. Raw material shortages and price uncertainties, too, hampered production of consumer durable goods.

Commenting upon the price factor and its relation to production costs, "Business Week," in its current issue has the following to say:

"This country is committed, consciously or unconsciously, to policies which clearly mean gradually rising prices over the long-term.

"Things may not pan out, it is true: (1) Prices may turn down two or five or 10 years from now; or conversely (2), controlled inflation may not work and the price rise conceivably could get out of hand. The point is, though, that long-range business planning must take into account the price forces that have been or are being launched.

"Don't get caught in a position where you can't pass along higher costs. This applies just as much to raw materials producers and to makers of component parts as it does to fabricators of finished products."

Touching upon the forces gathering and the ideas flowing from them that would inject pressure under prices, the magazine cites the statements of Secretary of Labor Lewis Schwellenbach, who espoused a general 15% boost in hourly wages when he urged that figure as the basis of a truce in the oil industry. Such a boost in wages would without question necessitate a higher price for gasoline.

Including the Secretary of the Treasury Fred Vinson and John Snyder, head of reconversion, as among these forces, the magazine continues:

"Treasury Secretary Fred Vinson called ours a $200,000,000,000 country (in terms of potential gross national product). To hit that level in, say, 1948, implies a rise of a few percentage points in over-all prices.

"Reconversion boss John Snyder supported the bill to raise the minimum wage level from the legal floor of 40 cents (actual effective minimum is 55 cents) to 65 cents. This would involve upward revisions of differentials for those making better-than-minimum wages and would push prices up. Behind all this is the Administration's sponsorship of full employment (by deficit spending, if necessary) and a rising living standard."

Taking up the beneficial effects of moderately rising prices over an extended period the magazine observes that: "Gently rising prices over a protracted period would hold no special hazards for business and could yield some positive advantages. A high level of prosperity and general confidence in the price trend would attract investment money into common stocks. The average company, year by year, would pick up a bit on inventory. Consumers would have no qualms about spending pretty freely.

"It is hard to predict, though, just how much confidence there would be in the rising price trend at any given time. It is one thing to decide what prices ought to do and quite another to make them do it. Many economists doubt the Government's ability to control prices in a free market which, presumably, will exist increasingly from now on. The experience with 'reflation' in 1933 is a case in point."

Steel Industry—Exceptional difficulty in obtaining steel may be experienced by nonintegrated steel producers before the end of the year, "The Iron Age," national metalworking paper, reports in its current summary of the steel trade. Nonintegrated producers, it was explained, are those firms who purchase semi-finished steel from basic producers for conversion into finished steel products. In addition to procurement difficulties it was predicted that the same firms will be harassed by an upward trend in prices.

Last minute reports reveal that the chances are only fair for consumers to obtain electrical appliances for Christmas gifts this year. Notwithstanding the progress already made by most manufacturers on peacetime production after reconversion, special problems coupled with heavy demand indicates that distribution by mid-December will still fall far short of retailer's desires.

The domestic stockpile of refrigerators has been reduced to precariously low levels and because of the possibility of labor troubles slowing down manufacturing, there is a growing feeling that refrigerator inventory must be enlarged before distribution of all production is undertaken, the magazine notes. Authoritative sources hold that unfilled market demand for refrigerators stands upwards of 4,000,000 units, which would provide about 18 months of capacity operation for the industry. The highest production ever reached in prewar years approximated 3,400,000 units. The obsolescence rate in the industry is said to be figured at 10% per year, but efforts are being made to increase this by the introduction of new combined refrigerator fast freezer boxes.

During the war the WPB had issued directives upon larger steel companies to furnish stipulated tonnages to the nonintegrated steel producers. These further conversion directives are being abolished effective in the fourth quarter with the result that the smaller steel makers are scouring the woods for sources of semi-finished steel supplies.

Primary steel producers hard put to produce sufficient semi-finished steel for their own needs are turning a deaf ear towards orders for this profitless group of products. Over the long term the situation promises to deteriorate further as present contracts for semi-finished steel written several years ago on a low-price basis expire. Nonintegrated mills will have difficulty in renewing contracts and there is immediate prospect that finished steel production by the nonintegrated mills which are not covered with orders for semi-finished steel in the fourth quarter may decline.

Steel rolling mill schedules on the mills of many producers are threatened through declining productivity and manpower shortage both in steelmaking and finishing departments. This may be an indication of a "stretch out the work" philosophy designed to retain overtime operations as long as possible. Several steel plants report a marked decline in labor productivity in the past two months. This, coupled with manpower shortages in finishing mills, has caused producers to fall behind delivery schedules, particularly on critical cold-rolled sheets and highly finished products. The situation is so serious that several large producers are attempting to escape mentioning definite delivery commitments.

The American Iron and Steel Institute on Oct. 8 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 73.5% of capacity for the week beginning Oct. 8, compared with 79.7% one week ago 80.3% one month ago and 96.9% one year ago. This represents a decrease of 6.2 points or 7.8% from the preceding week.

This week's operating rate is equivalent to 1,346,300 tons of steel ingots and castings, the lowest for the year with the exception of 1,280,300 tons produced in the week of Japan's surrender, and compares with 1,459,800 tons one week ago, 1,470,800 tons one month ago and 1,745,200 tons one year ago.

Railroad Net Income in August—Class I railroads of the United States in August, 1945, had an estimated net income, after interest and rentals, of $51,300,000, compared with $60,346,451 in August, 1944, according to the Association of American Railroads.

In the first eight months of 1945 estimated net income after interest and rentals amounted to $445,000,000, compared with $447,205,277 in the corresponding period of 1944. In August net railway operating income before interest and rentals was $86,683,195 and compared with a net railway operating income of $101,485,622 in a like period in 1944.

For the first eight months of this year the carriers had a net railway operating income before interest and rentals of $722,678,154, compared with $753,656,408 in the same period one year ago.

In the 12 months ended Aug. 31, 1945, the rate of return on property investment averaged 3.84%, compared with a rate of return of 4.13% for the 12 months ended Aug. 31, 1944.

Operating revenues for August totaled $755,218,186, compared with $836,183,413 in August, 1944, while operating expenses totaled $557.263.363, compared with $538,488,861 in the same month of 1944. Total operating revenues in the first eight months of 1945 totaled $6,251,217,314, compared with $6,281,293,192 in the same period of 1944, or a decrease of 0.5%. Operating expenses in the same period amounted to $4,292.026.125, compared with $4,141,323,456 in the corresponding period of 1944, or an increase of 3.6%.

Taxes paid by the carriers in the first eight months of 1945 amounted to $1,109,797,303 and compared with $1,250,638,219 in the same period in 1944. For the month of August, alone, the tax bill of the Class I railroads amounted to $106,603,845, a decrease of $70,798,565, or 39.9% under August, 1944.

Railroad Freight Loading—Carloadings of revenue freight for the week ended Sept. 29, 1945, total 832,263 cars, the Association of American Railroads announced. This was a decrease of 5,030 cars, or 0.6% below the preceding week this year, but 80,364 cars, or 8.8% below the corresponding week of 1944. Compared with a similar period of 1943, a decrease of 78,381 cars, or 8.6%, is shown.

Freight car loadings in the fourth quarter of 1945 are expected to be 6% below actual loadings in the same quarter in 1944, according to estimates just compiled by the 13 Shippers' Advisory Boards and made public today by the Association of American Railroads on Monday of this week.

On the basis of those estimates, freight car loadings of the 28 principal commodities will be 8,548,720 cars in the fourth quarter of 1945, compared with 9,105,017 actual car loadings for the same commodities in the corresponding period in the preceding year. Three of the 13 Shippers' Advisory Boards estimate an increase in carloadings for the fourth quarter of 1945, compared with the same period in 1944, but 10 estimate decreases.

Electric Production — The Edison Electric Institute reports that the output of electricity increased to approximately 4,038,542,000 kwh. in the week ended Sept. 29, 1945, from 4,018,913,000 kwh. in the preceding week. Output for the week ended Sept. 29, 1945, was 7.5% below that for the cor-

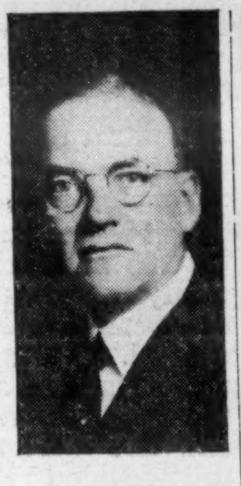
(Continued on page 1754)

Dulles Optimistic on London Parley

By JOHN F. DULLES

In Radio Broadcast, Advisor to Secretary Byrnes Says Accord Will Be Reached. Outlines Basic Propositions of U. S. and Maintains That, Despite Russian Contention, the Berlin Accord on Peace Treaty Formulation Was Carried Out.

Speaking over the Columbia Broadcasting System on Oct. 6, John Foster Dulles, expert on international affairs and Advisor to Secretary of State James F. Byrnes at the London Peace Parley, expressed the belief that despite the opposition attitude of the delegates of the Soviet Union a final accord on the formulation of peace treaties by the Allied powers would be reached. He supported the position taken by Secretary Byrnes regarding the participation of France and China in the parley and stated that it was in full accord with the agreement of Sept. 11 drawn up by the United States, Great Britain and Russia at the Potsdam Conference.



John F. Dulles

The text of Mr. Dulles' statement follows:

At London the Council of Foreign Ministers began the task of peace making. This is no easy task. It is not a matter of victors imposing their will upon defeated enemies. When we get to that, it will be easy. Before we get to that, the victors must try to agree on what their joint will shall be. So, we are not now negotiating peace with Italy or Rumania or Germany. We are negotiating peace with the Soviet Union, Great Britain, France and other United Nations. These nations have different interests and different ideals. To reconcile them is not a process of coercion but of reason.

(Continued on page 1751)

Ward Elected President Clearing House Ass'n—Houston Heads Clearing House Group

Harry E. Ward, Chairman of the Board of the Irving Trust Co. of New York was elected President of the New York Clearing House Association at its annual meeting on Oct. 1. As President he succeeds William C. Potter, Chairman of the Executive Committee of the Guaranty Trust Co. of New York. The newly elected Chairman of the Clearing House Committee is Frank K. Houston, President of the Chemical Bank & Trust Co., whose predecessor as head of the Committee was Winthrop W. Aldrich, Chairman of the Board of the Chase National Bank. The other members of the Clearing House Committee are John C Traphagen, President, Bank of New York; Alexander C. Nagle, President, First National Bank; Dunham B. Sherer, Chairman, Corn Exchange Bank Trust Company, and James G. Blaine, President, Marine Midland Trust Company.

Horace A. Marsland, Vice President of the Irving Trust was re-elected Secretary of the Association; Edward L. Beck has again been named Manager, while G. G. Russell Clark and Charles A. Henrichs continue as Assistant Managers.

In addition to the Clearing House Committee, the membership of the other committees elected at the Oct. 1 meeting follows:

Conference Committee—William S. Gray, Jr., Chairman, President Central Hanover Bank and Trust Company; E. Chester Gersten, President Public National Bank and Trust Company; J. Stewart Baker, Chairman of the Board, Bank of the Manhattan Company; Walter G. Kimball, President Commercial National Bank and Trust Company; Henry C. Von Elm, Vice Chairman of Board, Manufacturers Trust Company.

Nominating Committee—John I. Downey, Chairman, President Fifth Avenue Bank; Samuel A. Welldon, Chairman of the Board, Fifth National Bank; W. Randolph Burgess, Vice Chairman of the Board, National City Bank; S. Sloan Colt, President Bankers Trust Company; Benjamin Strong, First Vice President United States Trust Company.

Committee on Admissions—J. Luther Cleveland, Chairman, President Guaranty Trust Company; George Whitney, President J. P. Morgan & Co. Inc.; John R. McWilliam, First Vice President Corn Exchange Bank Trust Company; H. Donald Campbell, President Chase National Bank; Chester R. Dewey, President Grace National Bank.

In the annual report of Mr. Beck, Manager of the Clearing House, total Clearing House transactions for the year ending Sept. 30, 1945 are shown as $376,000,693.226 compared with $325,974,222,970 for the year ending Sept. 30, 1944. Extracts from the latest annual report are made available as follows:

The Clearing House transactions for the year amounted to:—

Exchanges	$318,896,843,204.38
Balances	57,103,850,021.31
Total transactions	$376,000,693,225.69
The average daily transactions:	
Exchanges	$1,062,989,477.35
Balances	190,346,166.74
Total	$1,253,335,644.09
Largest exchanges on any one day during the year (June 19, 1945)	$2,154,522,497.92
Smallest exchanges on any one day during the year (Aug. 17, 1945)	$389,977,508.42
Largest balances on any one day during the year (Dec. 18, 1944)	$441,301,918.82
Smallest balances on any one day during the year (Oct. 24, 1944)	$97,574,831.65
The total amount of the Coupon Exchange was	$549,761,909.16
The total amount of the Return Item Exchange was	$15,445,124.26
Exchanges	$9,568,230,763,231.45
Balances	1,039,803,452,040.50
Total	$10,608,034,215,271.95

In the past year the Night Exchange Department handled 66% of the total daily exchanges.

Total transactions since organization of Clearing House (92 yrs.):

Largest exchanges on record (Oct. 31, 1929)	$3.852,040.114.48
Largest balances on record (March 16, 1944)	$455.123,140.02

The figures of the Clearing House for the year ended Sept. 30, 1944 were given in our issue of Oct. 12, 1944, page 1617.

The Financial Situation

(Continued from first page)

that its "current position" is good when measured by some of the accepted techniques, but, as most shrewd judges of the existing situation realize, there are a number of factors in the situation which tend to render the situation less favorable than at first appears to be the case. Nonetheless, at least the larger and better financed enterprises are in a position which enables them to proceed without undue niggardliness to get ready for full peacetime production. What is more, the current doctrine of many of the politica-economists that high wages is at least one of the keys to prosperity, whether true or not, has attracted many followers among the rank and file even of business men. The coffers of the unions are filled to overflowing. Must we then, expect other than demands, strikes, threats of strikes, and all the rest? Such, at least, is one of the "explanations" being offered for current labor troubles.

But the full explanation of the present situation is not quite so simple as this. There are elements in it which are the creation of public policy during the past dozen years —policies which are now bearing precisely the fruit which their very nature made all but inevitable. For one thing, the financing of the war has—perhaps in large part unavoidably — created the fundamentals which normally result in sharp increases in prices, including that of labor. Money supply has multiplied during the past dozen years, particularly during the war years, at a staggering rate. It is widely dispersed among the rank and file of the people. That it is not still greater is in part due to the fact that a great many people have been persuaded to buy war bonds with arguments which strongly suggested that these investments need—and normally would—be held only until the war was over.

Price Control

Meanwhile all sorts of means — some of them straightforward and others devious—have been employed to prevent prices from rising, and from appearing to rise. Wage rates as such have likewise been held in check while workmen were "taken care of" by premium overtime pay which was much larger than would have been the case had the 40-hour week not become a fetish before the war was upon us. Now that business must find ordinary buyers for its goods, it must carefully consider costs, which means that it must avoid overtime wage rates wherever possible. There is no need here to go into the question as to whether hourly wage rates have risen as rapidly as the cost of living or not. Suffice it here to say that probably neither wages nor prices have risen nearly as much as in ordinary circumstances would be expected to accompany the increase in the supply of money. In fine, the effort to prevent further increases in wages and prices is definitely one to control an economic force originating in the method of financing the war.

But there are other aspects of this situation which certainly are not the outgrowth of circumstances beyond our control. The fact of the matter is that for a dozen years the Washington government, and not infrequently politically-minded local governments, have been busily, not to say incessantly, aiding and abetting in the development of a full-blown monopoly in the labor field. It appears a little strange now to recall the clamor for "labor unity" which arose from the New Deal circles for years—and, it must be said, from a number of other quarters, too. It was true, of course, and still is true, that in a few instances jurisdictional difficulties arising out of inter-union rivalry in this country have plagued and still plague us, but compared with the difficulties arising out of the fact that nowhere in the labor field is there left a shred of effective competition, they pale into insignificance.

The calm self-assurance with which one of the union leaders of the day recently announced that his men intended to take one after the other of the competing units in the automobile industry and bludgeon it into meeting their spectacular demands was nothing less than astounding. One would have supposed that labor would think it unwise to call the attention of the public in so dramatic a fashion to the fact that under the law the motor companies must compete while the men they employ are wholly free from any such obligation or restraint. Place the CIO, the AFL and all the independent unions of the country under one management, and we should have "labor unity" possibly, but we should certainly also have "labor supermonopoly"—which would take the existing unfortunate situation one step further.

"Union Security"

The aid that the unions have been able to obtain from the Government for a decade or more, particularly during the war, has, moreover, placed them in a financial position to be arbitrary—even when dealing with the Government itself. This aid has taken many forms. Possibly the most important in creating the present situation—apart from so-called collective bargaining legislation and what might be termed public relations assistance — has been what is termed "union security"—which amounts to little less than the straight "check-off." But unemployment benefits paid even when men are unemployed by reason of their participation in a strike is also of vital importance both directly and indirectly. By encouraging men to remain longer unemployed than need be, it reduces the effective labor force, and by providing them with an anchor to the windward, it certainly does not subtract from the stubbornness with which they insist upon remaining out on strike.

Precisely what the Administration can effectively do in a situation which has gotten to this point remains to be seen. Of course, the unions have made themselves politically powerful, or they could not have gained such a hold upon the Government. How long it will take the people to sicken of it all, the unions and the Administration, too, should events continue along their present course, it would be difficult to say.

One thing is certain. Either the epidemic of wage demands must be brought under control or all idea of preventing a general rise in prices must be abandoned. Perhaps we shall presently learn that natural forces attend to many of these matters better than government can ever do.

President's Aid Sought In Jewish Immigration

The American Jewish Committee, through the president and chairman of its executive committee has sought the aid of President Truman in its efforts to bring about an increase in the number of Jews to be permitted immigration to Palestine, a special dispatch from Washington to the New York "Times" stated on Sept. 29, adding that the President had given his assurance that he was using the influence of the United States in bringing the increase about.

Joseph M. Proskauer and Jacob M. Blaustein, the two representatives of the organization who called at the White House, stated, according to the "Times" report, that they told the President that political questions relating to Palestine should be put aside and the humanitarian factor placed foremost. The "Times" continued:

They insisted that the tragic events of the summer in Europe and the severe economic conditions there sharply accentuated need for increasing Jewish immigration. Many lives of Jews who survived the Nazi terror could be saved if this were done, the Committee's representatives said. Committee reports from Europe bear this out, they added.

Mr. Proskauer and Mr. Blaustein explained that their reference to political consideration was an allusion to current discussion as to whether or not Palestine should receive Statehood. The Zionist movement favors status as a nation but the American Jewish Committee has advocated an international trusteeship for Palestine. The Committee, however, regards an immediate increase in immigration as of greater urgency than the time-consuming settlement of Palestine's political future.

Philippine Independence Date Still July, 1946

To bring an end to the confusion in interested Government quarters brought about by rumors that President Truman would proclaim the independence of the Philippines before the statutory date of July 4, 1946, the President on Oct. 3 read a formal statement to his weekly news conference in which he said that no such earlier proclamation would be made unless adequate measures had first been taken for the rehabilitation of the Islands.

The President also indicated that the holding of a free election and the opportunity for the Philippine Government to set its house in order were necessary preliminaries to independence, the Associated Press reported from Washington on Oct. 3 in its account of Mr. Truman's announcement.

The following is the text of the President's statement, according to the Associated Press:

As you know, President Osmena of the Philippines is in Washington. On Monday I conferred with him and with the High Commissioner to the Philippines, Mr. McNutt, and the Acting Secretary of the Interior, Mr. Fortas. I propose to confer again with President Osmena and to formulate a broad program for this Government with respect to the Philippines.

This program will, of course, reflect the traditional friendship of the people of the United States and of the Philippines, and it will take account of the heroic and loyal conduct of the Filipinos during the war. In preparation for my further conferences with President Osmena, I have asked Mr. McNutt and Mr. Fortas to consult with the President of the Philippines with respect to all matters of mutual interest.

At the moment, I want to clarify the question of the date upon which Philippine independence may be expected. Under the statutes now enforced, independence is scheduled for July 4, 1946, or sooner if the President of the United States shall so proclaim.

There has been wide speculation as to whether a date prior to July 4, 1946, will be fixed. This speculation has introduced a high degree of uncertainty at a very critical time in Philippine affairs and has resulted in some confusion in the programs of both the commonwealth government and United States agencies.

It would be neither just nor fair to the loyal people of the Philippines, who have been our brothers in war as well as in peace, to proclaim their independence until the necessary program for rehabilitation has been worked out and until there has been a determination of the fundamental problems involved in our mutual relationship after independence.

Additional time is also required to enable the Philippine Government to set its own house in order and to hold a free democratic election.

To assist in the orderly working out of these problems, I am taking this opportunity to state that I do not intend to consider advancing the proclamation of Philippine independence to a date earlier than July 4, 1946, until the necessary measures which I have outlined have been taken.

Internal Revenue Conferences on Tax Issues

Three officials of the Bureau of Internal Revenue left early in October for the Pacific Coast for a series of conferences with district enforcement and administrative heads designed to step up the Treasury's drive against tax evaders and to set up machinery for expediting settlement of tax liabilities for the war years generally. Joseph D. Nunan, Jr., Commissioner, Norman D. Cann, Deputy Commissioner in charge of the Income Tax Unit, and J. P. Wenchel Chief Counsel, undertook the inspection trip. They arrived in Los Angeles on Oct. 5, for conferences with Bureau personnel lasting through Oct. 9. They were scheduled to be in San Francisco Oct. 10, 11, and 12 for meetings with revenue and special agent and collector's staffs. Mr. Nunan said similar conferences in other sections of the country are contemplated. He also said one major subject of the conferences will be means of insuring prompt settlement of refunds that will be due many businesses under the so-called relief provisions of wartime tax laws, and thus help industry in the shift to peacttime production. Another purpose of the meetings is to insure unity of action on the part of all branches of the revenue service in the drive against tax cheats, to plan for effective use of new personnel now being rapidly recruited, and to give personal attention to problems arising from specific investigations now under way.

The Commissioner said that since June 1, some 30,000 delinquent or amended returns had been filed voluntarily, accounting for additional taxes of more than $50,000,000.

In addition to the drive against evaders, the Bureau executives will give particular attention to organizing in the field the tremendous task of prompt settlement of tax liabilities arising from the war, including such problems as the determination and allowance of refunds and credits where due. The Commissioner pointed out that many wartime tax laws contained provisions under which thousands of business tax returns must be reopened for adjustments arising from such factors as the carryback of losses and the unused excess profits credits, postwar credits of excess profits tax and other relief provisions, and the respread of special amortization allowances on war plants and other emergency facilities.

"The disposition of the pending war year cases will enable business to know precisely where it stands in the matter of tax liabilities, and thus eliminate a possible source of concern which might otherwise interfere with reconversion and employment," Mr. Nunan said. "This work will be expedited in every possible manner. We promise to exercise every resource so that the taxpayer entitled to refunds may receive his money promptly."

Mr. Nunan also will give attention to the mechanism for making refunds of taxes overpaid by individuals. He pointed out that the Bureau recently completed the mailing, ahead of schedule, to some 20,000,000 taxpayers refunds totaling a billion dollars.

Harrison Director of Richmond Res. Bank

Charles E. Rieman, President of the Western National Bank of Baltimore, Md., and President of the Baltimore Clearing House, declined to stand for reelection for Director of the Federal Reserve Bank of Richmond. He was elected Class A, Group 1 Director from Maryland in 1918. At the end of 1945 he will have served 27 years. His successor is James D. Harrison, President of the First National Bank of Baltimore, the largest bank in the Fifth District. Mr. Harrison was born in Virginia and has been connected with the First National Bank since 1923.

Truman Urges Speeding of St. Lawrence Project

In a message to Congress on Oct. 3, President Truman urged passage of legislation which would carry through construction of the St. Lawrence waterway and power project without loss of time, an undertaking which the President described as one of the "great constructive projects of the North American continent, in fact, one of the great projects of the world," according to Associated Press advices from Washington.

The President recommended that the agreement between the United States and Canada, dated March 19, 1941, for development of the St. Lawrence basin be approved without further delay. Earlier, legislation to carry out this recommendation had been introduced in both Houses of Congress.

This legislation, the Associated Press reports, seeks to compromise what has been a main point of controversy—whether the 1941 agreement with Canada for construction of the seaway could be approved by legislation or must be treated as a treaty. The Associated Press, Oct. 3, went on to say:

The difference is that legislation requires approval by a simple majority of House and Senate. A treaty must be ratified by two-thirds of the Senate.

The pending measures would have construction go ahead under legislation but reserve two disputed points of the agreement for handling in treaties.

They are: (1) A provision giving Canada perpetual rights of navigation on the Great Lakes and the United States the same rights on certain Canadian canals, and (2) a provision covering water diversion in the Niagara River.

Mr. Truman recommended that electric power should be developed and handled by the State of New York. This also has been a matter of controversy.

There was no indication, however, that the efforts to smooth over controverted issues would soften up the opposition to a project which has been discussed for 50 years.

Much of the opposition has come from lower Mississippi River interests. They fear that a Great Lakes-ocean steamship connection via the St. Lawrence would take away much trade that moves over the Mississippi.

Mr. Truman noted in his message that Canada, in expectation that the United States would go through with the agreement, has already built more than half its share.

Before the war, the cost of the U. S. share was estimated at $277,000,000.

The President said that the power facilities are to be constructed by the Federal Government and turned over to New York State under an agreement dated Feb. 7, 1933, between United States Army engineers and the Power Authority of New York State. Under this agreement, which the President described fair and acceptable, that State would pay $93,375,000 as its share of the construction cost.

The President told Congress that when the project is approved Canada and the United States will be able to harness for the public benefit one of the greatest natural resources of North America. He said it would open the Great Lakes to ocean navigation and create 2,200,000 horsepower of hydroelectric capacity to be divided equally between this country and Canada.

Hydroelectric development of the river, he added, would give this country power for distribution within a radius of 300 miles, including most of New York State and its neighbors to the east. He said public and private agencies will be able to pass on to consumers in that area all the advantages of this cheap power.

The President in his message, the Associated Press stated, backed up his arguments for the advantages of completing the construction by asserting that timely development of the Tennessee, Columbia and rivers of the central valley of California "shortened the war by many years and saved countless American lives." These advices also quoted the President as saying:

"Without the power from these rivers the goal of 50,000 airplanes a year—considered fantastic only five short years ago but actually surpassed twice over—would have been impossible. Nor could we have developed the atomic bomb as early as we did without the large blocks of power we used from the Tennessee and Columbia rivers."

The State Department strongly favors this country's participation in the Canadian-American St. Lawrence seaway and power project, Acting Secretary Dean Acheson said on Oct. 4, the Associated Press noted in advices from Washington, which likewise quoted him as follows:

"The Department is now, and always has been, strongly in favor of the approval of this agreement," Mr. Acheson declared. He said the Department was convinced the project would be "of great immediate benefit" to the Great Lakes-St. Lawrence area, and would bring "long-range benefits to the country as a whole. The rapids of the St. Lawrence have always constituted a natural barrier to our foreign trade," Mr. Acheson said.

According to Carroll B. Huntress, Chairman of the New York State Conference in Opposition to the St. Lawrence Project, the development of atomic energy, foreseen by eminent engineers within 20 years, dispenses with the need for such hydro-electric projects as that proposed for the St. Lawrence River.

In a statement issued on Oct. 4 he stated, the New York "Sun" indicated, that "at the earliest, it would be five years before a hydro installation could be completed, and by that time it is easily conceivable that plans for harnessing atomic energy for industrial purposes would be well along. The huge investment in a hydro plant, advocated as a make-work project, would soon become another white elephant."

In our issue of Oct. 4, page 1620, it was noted that the observance of New York State rights in the St. Lawrence project had been pledged by President Truman.

Wainwright to Have Eastern Defense Command

The unofficial report that General Jonathan M. Wainwright would be appointed commanding general of the Eastern Defense Command, with headquarters on Governors Island, New York, has been confirmed in an announcement by the War Department, according to special advices reaching the New York "Times" from Washington on Sept. 28. The exact date on which General Wainwright will assume his new post has not yet been made known, as he is said to be resting now at the Army Center at White Sulphur Springs, W. Va. The command was formerly held by Lieut. General George Grunert who recently retired, the "Times" stated and give the following brief account of the post:

"The Eastern Defense Command, under the new set-up created by the war, consists of 40 of the 48 States, overseas bases at Newfoundland, Greenland, Iceland and Bermuda and the responsibility for all harbor defenses from Portland, Me., to Galveston, Tex.

"Brig. Gen. Kenneth P. Lord has been acting commanding general since the retirement of General Grunert on Aug. 1."

Dr. Huang Named Counsel to China

Dr. Robert T. Huang, lately assistant general counsel of the United Nations Relief and Rehabilitation Administration and an authority on Chinese and American business law, has been appointed Resident Legal Counsel to the China-America Council of Commerce and Industry, Inc., Lee H. Bristol, President of the Council, recently announced. In his announcement he said:

"With the surrender of the Japanese armies, the question of resuming trade relations with China assumes immediate importance. It is now essential that accurate translations of Chinese laws and clear interpretations of the laws and regulations be provided for American firms contemplating doing business with China. Having represented American companies in China and served with many Chinese government agencies, Dr. Huang is particularly qualified to provide advice for the American firms making up the Council in the legal aspects of post-war American trade with an investment in China, which have been materially affected by the abolition of extraterritorial rights. This change for the first time brings American companies under Chinese laws."

Born in Nanking in 1903, Dr. Huang attended St. John's University in Shanghai and has degrees of B. S. and Bachelor of Laws from the University of Illinois and Doctor of Jurisprudence from Northwestern University. The new legal Counsel of the China-America Council, practiced law in Shanghai for 12 years, representing important American business interests. He served as legal secretary of the Shanghai Bureau of Testing and Inspection of Commercial Commodities, 1929-1931, and of the Ministry of Industries, 1931-1934. He was legal Secretary to the Governor of the Central Bank of China and Minister of Finance, 1934-1940, and concurrently, to the President of the Executive Yuan, 1938-1939. In 1939-1940, he was director of the Bureau of Trade Marks.

When the International Labor Organization met in New York and Washington in 1941, Dr. Huang was legal adviser to the Chinese delegation. He served in the same capacity to the Chinese delegation to the Conference of the UNRRA at Atlantic City three years later. From 1941 to 1943, he made a special study of corporation laws in the several states of the United States. Dr. Huang was an official observer of the UNRRA at the International Labor Conference at Philadelphia in 1944 and a year later at the Conference of the Institute of Pacific Relations at Hot Springs, Va. In 1945 he was appointed a member of the International Secretariat of the United Nations Conference on International Organization at San Francisco, in which capacity he was largely concerned with the drafting of technical legal documents. He was awarded a Certificate of Honorable Mention by the President of the Conference.

The China-America Council is making exhaustive studies of the changed foreign business and trade relationships, due to the renunciation of extraterritorial rights, which will prevail in China after the war. Pending revisions of Chinese commercial legislation, which will affect Chinese trade mark and patent laws, real property rights, corporate laws and other matters of vital interest to American companies, are also being analyzed and discussed by the Council's Legislative Committee with Chinese and American government authorities.

A reference to the China-America Council appeared in our issue of Oct. 4, page 1606, under the head "China's Needs for American Products."

Capital Welcomes Admiral Nimitz

The nation gave a rousing welcome to its naval hero, Admiral Chester W. Nimitz, when he arrived at Washington on Oct. 5 to find the honors of a grateful people and their traditional reception awaiting him. A vociferous welcome was likewise accorded the Admiral in New York on Oct. 9.

Cheered by the throngs and saluted by a thousand Navy planes which spelled out N-I-M-I-T-Z in the sky, the Admiral called at the Capitol, where he addressed a joint session of Congress, motored down Pennsylvania Avenue at the head of a parade of several thousand soldiers, sailors, marines and Coast Guardsmen, spoke to the crowd assembled at the foot of the Washington Monument, then continued on to the White House, where he was warmly welcomed by President Truman, who awarded him the Gold Star, in lieu of a third Distinguished Service Medal. However, the New York "Times" reported in its Washington advices of Oct. 5, the President pinned the third DSM on the Admiral, although the ceremony had called for the Gold Star.

The "Times" gave the following as the President's citation:

"For exceptionally meritorious service to the Government of the United States as Commander in Chief, United States Pacific Fleet and Pacific Ocean Areas, from June, 1944, to August, 1945.

"Initiating the final phase in the battle for victory in the Pacific, Fleet Admiral Nimitz attacked the Marianas, invading Saipan, inflicting a decisive defeat on the Japanese fleet in the First Battle of the Philippines and capturing Guam and Tinian.

"In vital continuing operations his Fleet forces isolated the enemy-held bastions of the Central and Eastern Carolines and secured in quick succession Peleliu, Angaur and Ulithi.

"With reconnaissance of the main beaches on Leyte effected, approach channels cleared and opposition neutralized in joint operations to reoccupy the Philippines, the challenge by powerful task forces of the Japanese fleet resulted in a historic victory in the three-phased battle for Leyte Gulf, Oct. 24 to 26, 1944.

"Accelerating the intensity of aerial offensive by pressure exerted at every hostile strong point, Fleet Admiral Nimitz culminated long-range strategy by successful amphibious assault on Iwo Jima and Okinawa.

"A wise, steadfast and indomitable leader, Fleet Admiral Nimitz, by his daring strategy and his faith in the courage and skill of the officers and men under his command, finally placed representative forces of the United States Navy in the harbor of Tokio for the formal capitulation of the Japanese Empire.

"Through his mastery of naval warfare, his strategical skill, his sound judgment and his inspiring leadership, he demonstrated the highest qualities of a naval officer and rendered services of the greatest distinction to his country."

The ceremony in the White House rose garden appeared to be over when the Admiral, according to the "Times," spoke a few words which left a memorable impression on the assembled guests. Declaring that it was through the self-sacrifice and devotion to duty of the sailors soldiers, marines and Coast Guardsmen who served under his Pacific command that victory was made possible, Admiral Nimitz added: "I accept this honor as your 'well done' to the job that they have done."

Earlier in the day the Admiral spoke at length to the members of Congress, and again at the Washington Monument. He told Congress, according to the text of his remarks as given by the New York "Times": "With our seapower making possible the use of all other resources, we gave Japan the single choice of surrender or slow but certain death. And for the final wise decision, to surrender and spare us the terrific cost in lives of an invasion, we can all breathe a fervent 'Thank God.'"

Then Admiral Nimitz continued.

"In stressing the importance of seapower in our Pacific victory, I do not intend or desire to give the impression that, in gaining this victory, any one service deserves praise above another. It was my privilege and honor to command officers and men in all of the services. Never did I find that a man's uniform affected his willingness to respond when there was a job to be done. They were all brave men. There was no difference in the way they fought; and when they fell—whether they were dressed in Army khaki, Marine green or Navy blue—they all wore the same red badge of honor that is stained with the blood of free men who hold that liberty is dearer than life itself.

"Our victory was the product of integrated teamwork from the highest echelons of command to the lowest. No mention of the Pacific war could or should be made by me without reference to the late President Franklin D. Roosevelt, whose foresight and keen interest resulted in a rapid upbuilding of the Navy soon after he assumed the responsibility of Commander-in-Chief.

"We, the officers and men of the Army, Navy, Marine Corps, and Coast Guard in the Pacific, are deeply grateful to our late Commander-in-Chief, to our present Commander-in-Chief, and to our seniors in the chain of command for their unwavering support of the forces in the field."

For the crowds gathered at the monument the Admiral wound up his remarks by saying, in part (we quite from the "Times"):

"Today you, the people of the United States, are the possessor of the mightiest seapower the world has ever known. Because we are a democracy, you also have the right to say whether you will keep and preserve this seapower, or whether you will pat it on the back and let it die. Because we are not a warlike people, we will face a strong temptation to do the latter. I pray that we will not take the easiest way; that we pledge ourselves to remain strong in order that we may continue to live as free men."

Results of Treasury Bill Offering

The Secretary of the Treasury announced on Oct. 8 that the tenders of $1,300,000,000 or thereabouts of 91-day Treasury bills to be dated Oct. 11 and to mature Jan. 10, 1946, which were offered on Oct. 5, were opened at the Federal Reserve Bank on Oct. 8.

The details of this issue are as follows:

Total applied for, $2,157,462,000.

Total accepted, $1,310,993,000 (includes $54,863,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price, 99.905+, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.907, equivalent rate of discount approximately 0.368% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(54% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Oct. 4 in the amount of $1,310,649,000.

Byrnes Tells of Peace Parley

(Continued from first page)

mean surrender, and compromise, unlike surrender, requires the assent of more than one party.

The difficulties encountered at the London Conference will, I hope, impress upon the peoples of all countries, including our own people, the hard reality that none of us can expect to write the peace in our own way. If this hard reality is once accepted by statesmen and peoples at an early stage of the peace-making process, it may at later stages save us and save the peace of the world.

Calls for Unity in Foreign Policy

Regardless of how Americans may differ as to domestic policies, they desire unity in our foreign policies. This unity will be essential in the days ahead of us when we may expect differences in views by various governments as to peace settlements. However, the political party in power cannot expect this unity unless it freely consults representatives of the opposing political party.

Believing this, I requested Mr. John Foster Dulles, one of the best informed Americans in the field of foreign relations and a loyal Republican, to accompany me to London in an advisory capacity. He has been more than an adviser; he has been a partner. Between us there have been no secrets. At the Council table and in private conference he has participated in the making of all decisions. Our accord serves to show that in foreign affairs Republicans and Democrats can work together and that in vital matters of foreign policy we Americans stand united.

When it was agreed at Berlin to establish the Council of Foreign Ministers I think we all had in mind the precedent of the Dumbarton Oaks conference. There representatives of Great Britain, the Soviet Union, China and the United States worked together to prepare draft proposals for the United Nations Charter as a basis for discussion with other nations. France was not present at Dumbarton Oaks only because France had not yet been liberated. Her right to permanent membership on the United Nations Security Council was never questioned.

Experience reveals that a certain degree of understanding among the major powers is essential to secure general agreement among many nations. When understanding among the great powers is not achieved in advance of a conference participated in by many nations it usually has to be secured informally during the conference.

For example, at the Versailles conference, it took the Big Three and the Big Five so long to agree among themselves that the complaint was made that the smaller powers had little more time to consider the treaty than was given to the Germans.

Purpose of Council of Foreign Ministers

The Berlin agreement envisaged the naming of high-ranking deputies who could carry on the work of the Council in the absence of their chiefs, the Foreign Secretaries. The Council, as President Truman and I understood it, was to be a sort of combined staff to explore the problems and prepare proposals for the final peace settlements.

At Berlin it certainly was never intended that the three powers present or the five powers constituting the Council should take unto themselves the making of the final peace. The Berlin declaration setting up the Council begins with the statement, "The conference reached the following agreement for the establishment of a Council of Foreign Ministers to do the necessary preparatory work for the peace settlements."

The Council was not to make the peace settlements but it was to do the necessary preparatory work for the peace settlements. It certainly was not my intention to agree to any final treaty without first getting the views of the Foregin Relations Committee of the United States Senate, which must pass upon all treaties before ratification.

The first session of the Council, so far as the personal participation of Foreign Ministers was concerned, was intended to provide directives for the deputies in the preparation of treaties for Italy, Rumania, Bulgaria, Hungary and Finland.

Now, this work was exploratory: To find out on what points we were in agreement, on what points we differed and on what points further study and data were required. It is a little naive to suppose that when really vital differences emerge one nation or another is likely to abandon its position on the first exchange of views.

At this stage it is important to know and understand wherein we and our Allies differ just as it is important to know wherein we agree. We must understand our points of difference before we can intelligently consider means of reconciling them.

Good Progress on Italian Treaty

So far as the Italian treaty was concerned, I think we made very good progress toward agreement on directives to govern the work of our deputies.

There was ready acceptance of the American proposal that Italy should undertake to maintain a bill of rights which will secure the freedoms of speech, religious worship, political belief and public meeting envisaged for Italy in the Moscow declaration of November, 1943, and which will confirm the human rights and fundamental freedoms set forth in the Charter of the United Nations.

There was some difference among the conferees at the start as to providing for the limitation of armaments. But it was our feeling that Italy should rely on the United Nations for protection against aggression and should not engage in competition in armaments when all of her resources are so badly needed to restore her civilian economy. And this view gained general acceptance.

While the very controversial boundary dispute between Yugoslavia and Italy was not settled, it was encouraging to find that it was possible to agree that the line between the two countries should in the main be governed by ethnic considerations and that regardless of its sovereignty there should be a free port at Trieste under international control.

The Council was in general agreement that the Dodecanese Islands should go to Greece, although the assent of one member was qualified pending the study of certain questions by his Government.

There was general agreement that the Italian colonies should come under the trusteeship provisions of the United Nations Charter. Various views were expressed as to the preferred form of trusteeship for the colonies.

The American delegation was particularly gratified that the directive given to the deputies, while not restricting their studies, called for special consideration of the American proposal for truly international administration directly responsible to the United Nations with a view to the attainment of the greatest degree of independence of the inhabitants of two of the colonies at the end of ten years and independence for the people of a third colony at as early a date as possible.

This proposal was presented by the American delegation when the Italian treaty first was taken up. It was consistently adhered to.

It was our view that the object of a trusteeship should be to promote the self-government of the people of a colony and not to enrich a trustee or to increase its economic or its military power.

It was also agreed that Italian sovereignty should be restored on the conclusion of the treaty so that foreign troops may be withdrawn and, except as specially provided in the treaty, foreign controls within Italy terminated.

Wants No Italian Reparations

There was no definite understanding on reparations. The United States took the position that Italy could not pay anything like $600,000,000. Apart from certain foreign assets, she should be required to pay as reparations only such factory and tool equipment designed for the manufacture of war implements which are not required for the limited military establishment permitted to her and which cannot be readily converted to peaceful purposes. If Italy is stripped of more, then her economy cannot be restored.

The United States has contributed several hundred million dollars for the relief of the Italian people. Today their condition is deplorable. We must continue to help them. But we cannot contribute more millions of dollars if those millions are to be used to enable Italy to pay reparations to other Governments. We did that for Germany after the last war. We shall not do it again.

Substantial progress was also made on the directives for the preparatory work on the Finnish treaty and the treaties with Rumania and Bulgaria. The principles suggested by the American delegation and accepted for the Italian treaty for the safeguarding of human rights and fundamental freedoms are also to be incorporated in these treaties.

The directives concerning the limitation of armament for Rumania and Bulgaria are expected to follow the same general line as those accepted for Italy.

The Hungarian Treaty

Before work could be commenced upon the directives for the Hungarian treaty the Soviet delegation announced that they felt obliged to withdraw their assent to the procedure previously accepted and followed by the Council for dealing with peace treaties.

Before taking up these procedural difficulties I should say a few words about the Soviet delegation's disappointment with the failure of Great Britain and the United States to recognize the Bulgarian and Rumanian Governments.

The thought apparently exists in their minds that our Government objects to these Governments because they are friendly to the Soviet Union and that our unwillingness to recognize these Governments is a manifestation of unfriendliness to the Soviet Union.

Russian Misconception of Our Attitude

There could be no greater misconception of our attitude. I was at Yalta. The Yalta declaration on the liberated and ex-satellite countries was based on a proposal submitted by President Roosevelt. Under it the Allied powers, including the Soviet Union, assumed the responsibility of concerting their policies to assist in the establishment of interim governments broadly representative of all important democratic elements in the population and pledged to the earliest possible establishment through free elections of Governments responsive to the will of the people. That pledge cannot be fulfilled in countries where freedom of speech and of assembly are denied.

That policy I have recited, sponsored by President Roosevelt, was America's policy and remains America's policy.

We are well aware that no Government is perfect and that the representative character of any provisional Government will always be subject to debate. We do not demand perfection where perfection is unobtainable.

In an effort to concert our policies with our Allies we have tried to show a spirit of conciliation. Certainly we did not make unduly exacting the requirements we set before we recognized the Provisional Polish Government or the conditions which we have proposed as a basis for the recognition of the Provisional Hungarian Government.

And I hope that as the result of efforts now being made by the Provisional Austrian Government to broaden its representation we may soon be able to recognize that Government.

At Berlin we stated we would examine in the near future, in the light of prevailing conditions, the question of the recognition of Rumania and Bulgaria. We have investigated and we shall continue to investigate. But we cannot know whether conditions justify recognition unless our political representatives are fully informed and unless our news correspondents are permitted freely to enter countries and freely to send their stories uncensored.

We do not seek to dictate the internal affairs of any people. We only reserve for ourselves the right to refuse to recognize Governments if, after investigation, we conclude they have not given to the people the rights pledged to them in the Yalta agreement and in the Atlantic Charter.

The peace of Europe depends upon the existence of friendly relations between the Soviet Union and its European neighbors, and two wars in one generation have convinced the American people that they have a very vital interest in the maintenance of peace in Europe.

The American Government shares the desire of the Soviet Union to have Governments friendly to the Soviet Union in eastern and central Europe.

Friendship of Peoples Essential

But lasting peace depends not only upon friendship between Governments but upon friendship between peoples.

Had it not been for the difficulties experienced by the Allied Governments in agreeing upon a common policy in regard to the recognition of the Governments of Rumania and Bulgaria a more conciliatory spirit might possibly have prevailed and might greatly have helped to overcome the procedural difficulties of the Council.

No one present at the Council on Sept. 11 questioned the decision taken by the Council that day inviting all five members to be present at all meetings.

Directives for the Italian treaty were under discussion for several days, with China, not a party to the surrender terms, present, participating in the discussion, but not voting. No one objected.

Directives for the Finnish treaty were then considered, with the United States, France and China present, but not voting. No one objected.

Directives for the Rumanian treaty and then for the Bulgarian treaty were considered, with France and China present, but not voting. No one objected.

It was only on Sept. 22 that the Soviet delegation took the position that the decision of the Council on Sept. 11 violated the Berlin agreement.

Interpretation of Berlin Agreement

Now it will be recalled that the Berlin agreement set up a Council of the Soviet Union, Great Britain, France, China and the United States to undertake the necessary preparatory work for the peace settlements. It provided that the Council should draw up with a view to their submission to the United Nations peace treaties with Italy, Rumania, Bulgaria, Hungary and Finland.

It provided further that in the discharge of these tasks the Council will be composed of members representing those States which were signatory to the terms of surrender imposed upon the enemy State concerned, and for the purpose of the Italian settlement, France should be regarded as a signatory to the surrender terms.

The Berlin agreement further provided that other members of the Council will be invited to participate when matters directly concerning them are under discussion.

Now this distinction between members of the Council who were parties to the surrender terms and those who were not was not a part of the original American proposal and was reluctantly accepted by us. We were fully aware that a member would not have the right to vote if not a party to the surrender terms, but we understood from the exchange of views at the table that all members would be allowed to participate in all discussions in the Council.

Centainly it never occurred to President Truman or myself that any of the five members of the Council, who are also the five permanent members of the United Nations Security Council, which is charged with the responsibility for maintaining the peace which the Council of Foreign Ministers is preparing, would not be invited to be present during the discussions of these treaties.

Such exclusion of two permanent members of the Security Council would not promote the harmonious relations essential to the success of the United Nations Organization.

The Soviet delegation's position was not simply that they wished to withdraw the invitation to China and France to participate without the right to vote. Their position was that it was beyond the authority of the States signatory to the surrender terms to extend the invitation.

Although this construction of the Berlin agreement did not accord with the understanding of the American delegation or the British delegation or the President of the United States or the Prime Minister of Great Britain, the Soviet delegation insisted that they could no longer discuss treaty matters in the presence of members who were not parties to the surrender terms.

Thereafter the meetings of the Council for a number of days were confined to the discussion of other items on the agenda such as international inland waterways, the Ruhr, the acceleration of German reparations, restitution, repatriation of Allied nationals and the Austrian food supply.

Soviet Delegations Creates Impasse

When the general items on the agenda were exhausted, agreement had not been reached for solving the procedural obstacles which, in view of the Soviet delegation, made further discussion of treaty matters impossible until the decision of Sept. 11 should be rescinded.

Since it had always been my view that the Berlin agreement contemplated a broadening out of the participants before the final conclusion of a peace treaty, I sought to find a compromise along that line.

The Berlin agreement expressly provided in Section 4 of the article establishing the Council that the Council may adapt its procedures to the particular problems under discussion; that in some cases it may hold its own discussions prior to the participation of other interested States; and in other cases it may convoke a formal conference of

States interested in particular problems.

I therefore proposed, with considerable reluctance, that we ask our French and Chinese colleagues to accept the position of the Soviet delegation that the preparatory and exploratory work of the Council for the peace settlements be confined to the signatories of the surrender terms in question, provided that at the same time it should be agreed that a truly representative peace conference should be convoked before the end of this year. To ensure the calling of such a conference we thought that France and China, in the interest of peace, might make even this sacrifice.

This conference would be convoked for the purpose of considering the peace treaties with Italy, Rumania, Bulgaria, Hungary and Finland. To the conference would be invited:

(1) The five members of the Council of Foreign Ministers, which are also the five permanent members of the United Nations Security Council;

(2) All European members of the United Nations;

(3) All non-European members of the United Nations which supplied substantial military contingents in the war against the European members of the Axis.

Position of United States

The American delegation took the position that, in an interdependent, democratic world, peace cannot be the exclusive concern of a few presently powerful States; it was our position that unless we were to revert to a world of isolationism none of the States which we wanted invited to the peace conference could be said to be not directly concerned in the peace.

We urged that those States, both large and small, which had fought and suffered in the war must make the peace. This has been a peoples' war; it must be a peoples' peace.

The Soviet delegation stated, however, that they could not agree to the American proposal for a peace conference until they had returned to Moscow and had personal consultations with their Government.

It therefore became obvious that there could be no agreement unless the other delegations were prepared to yield their views and convictions to those of the Soviet delegation. This none of the other delegations was prepared to do.

The United States is willing to dictate terms of peace to an enemy but it is not willing to dictate terms of peace to its Allies.

Our task then become one of arranging an adjournment until the Soviet delegation could return to Moscow. It is customary before adjournment to adopt and have all conferees sign a procotol containing a record of the agreed decisions of a conference. The Soviet delegation would not agree to the inclusion in the protocol of the decision of Sept. 11 that the five members should participate in all meetings, even though it included a statement of the action taken by the Soviet delegation on Sept. 22 to withdraw their assent to that decision.

New Soviet Proposal

On the last day of the session the Soviet delegation announced it would offer a compromise proposal. The proposal was that there should be four separate protocols without recording in any one of them the decision of Sept. 11 which had been agreed to by them but which they later wished to rescind. Well, this was the same position they had urged for days. The only thing new about their proposal was the suggestion that on the following day they would discuss unsettled questions, including the American proposal for a peace conference and the disputed Sept. 11 decision. In answer to a question, the Soviet Foreign Minister stated that while he could discuss the proposal for a peace conference he still was without authority to act upon it. The proposal had been discussed for a week. Further discussion without action was futile.

It was also obvious that once the four protocols were signed it would be useless on the following day to discuss the question of inserting in the protocols the decision of Sept. 11. An objection by the Soviet delegation would prevent its insertion.

The Soviet delegation also reiterated their position that they would not discuss the treaties in the presence of members they now believed to be ineligible. This would have excluded China from the consideration of all treaties and France from the consideration of all but one without any assurance of participation in a peace conference.

It became apparent that agreement was impossible and that further meetings were useless. The Chinese Foreign Minister, who was presiding when the council adjourned and at whose instance the council had remained in session from Sunday until Tuesday, stated that under the circumstances he could not ask the council to continue in session longer.

So, as the record stands the Foreign Minister of the Soviet Union has not rejected our proposal for a peace conference. During discussions he admitted it was correct in principle. My hope is that, after he has conferred with his Government, his Government will agree that the nations that fought to war—the World War—shall have a chance to make the world peace.

Differences Are Not Trivial or Technical

The matter that caused the suspension of our work is no trivial or technical question. It presented an issue that had to be met. The issue is whether the peace shall be made by three, or even five, nations to the exclusion of other nations vitally concerned in the maintenance and enforcement of the peace which is being prepared.

And the issue goes even deeper. The Council of Foreign Ministers acts under the unanimity rule just as the Security Council of the United Nations must act in many important matters, but in the Security Council no nation has the veto power in procedural matters while in the Council of Foreign Ministers one nation can veto all action.

The veto power is a great power. It should not be lightly exercised. We are willing to make many concessions, but the United States does not believe in agreement at any price.

The power of veto in procedural matters should not be used by the United States or any other nation to coerce the judgment and the conscience of fellow nations.

Peace must be based upon mutual understanding and mutual respect. It cannot be secured by procedural maneuverings which obscure from the people the real and the vital issues upon which their peace depends.

Undeterred by temporary setbacks and ever willing to accord to others that tolerant understanding that we wish others to accord to us, we must not relax in our efforts to achieve a just and lasting peace for ourselves and for all nations. "With firmness in the right as God gives us to see the right, let us strive on to finish the work."

Dulles Optimistic on London Parley

(Continued from page 1747)

Peace Task Difficult

I am under no illusion that that will be an easy task. I was at the peace conference which followed the First World War and there learned, at first hand, how difficult it is for a war coalition to maintain unity after victory has been won. It is possible that, this time also, we shall not agree on the post-war settlement. If that happens, it would lead to different nations' carrying out their will in particular areas. That is not necessarily a permanent disaster, but it would be most unfortunate. It would tend to divide the world into blocs and spheres of influence. That would be a bad heritage for the victors to bequeath the United Nations Organization.

So far as the United States delegation to London is concerned, we are determined to preserve in peace the unity we had in war and to apply the lesson we have so painfully learned, that peace is indivisible. There will be no bloc of Western powers if the United States can avoid it. Also, I may say, nothing that has happened so far makes me feel that we may not all come to agree.

I realize that it came as a shock to the American people that the Council of Foreign Ministers ended their first session without producing a public statement of unity and accomplishment. That is because for over four years every meeting of representatives of the great powers was followed by a pronouncement which gave the impression that complete harmony had been achieved. That was a war diet of soothing syrup. The reality was that there was unity in so far as it related to joint effort against common enemies. But behind that there have always been the differences which are now coming to light.

It is not healthy, and I am glad that it is no longer necessary, to try to cover up the fact that we have differences. Only if our people realize the magnitude of the task we face will we put forward the effort and achieve the unity needed for success.

I said that in the task upon which we have embarked the permissible tool is reason, not coercion. The American delegation was alive to that. We presented only propositions which seemed to us to be reasonable.

U. S. Propositions

The basic principles which we espoused were these:

1. Territorial settlements should, as far as possible, conform to the wishes of the peoples concerned. Strategic and economic considerations ought to be subordinated to human considerations. This principle would call for some territorial readjustments. But it would not give to Yugoslavia the large Italian propulation of Trieste.

2. The treaties should realize the conception of an international bill of rights. At Moscow in 1943 the Big Three had agreed that they sought for Italy a regime which would assure the Italian people freedom of speech, religious worship, political belief and public meeting. We were determined that the treaties of peace should give reality to that goal and make a practical beginning in the great project of assuring to all the enjoyment of human rights and fundamental freedoms.

3. Colonies should be dealt with primarily from the standpoint of the welfare of the colonial peoples. We called for independence within a fixed term and we proposed trusteeship by the United Nations Organization, rather than by any single power. That was the only solution which would avoid a disastrous struggle between the great powers for colonial prizes. Without it, there was no way to decide the rival claims for the Italian colonies of North Africa.

4. Armament of our ex-enemies should be limited and subjected to a system of supervision which would prevent secret rearmament as occurred after the last war in the case of Germany. This supervision is particularly important in view of the development of modern weapons of vast destructive power. This, we felt, compelled the inauguration of a system, which might later on be extended, whereby the human race would have facilities to protect itself against its own total destruction.

5. Finally we made it clear that we could not negotiate and conclude treaties of peace with governments which, as in Rumania, failed to provide those freedoms which, in conjunction with the Soviet Union and Great Britain, we had promised to seek for the liberated peoples of Europe.

Soviet Position

The first 10 days of the conference were devoted to considering the application of such principles to Italy, Finland, Rumania and Bulgaria. During the course of these discussions it became increasingly evident that the Soviet Union was dissatisfied with the trend of the conference. The American proposals, which in the main were supported by Great Britain, France and China, cut across certain political ends which the Soviet Union sought. For example, the Soviet Union was disposed to support the claim of Yugoslavia to Trieste. It wanted for itself trusteeship of Italy's most valuable colonial area in North Africa in order that it might develop for itself a great warm-water port in the Mediterranean comparable to what it had obtained in the Far East at Port Arthur and Darien. Above all, the Soviet delegation objected to the refusal of the United States, under existing conditions, to conclude peace treaties with Rumania and Bulgaria.

It was discussion about Rumania on Sept. 21 which led the Soviet Union on Sept. 22 to move to test out the determination of the United States. The means chosen was to insist on a change of procedure. The underlying and understood purpose was to make it appear that the Soviet Union could and would interrupt any procedure which did not lead to results more satisfactory to it.

A great deal has been said, and much more doubtless will be said, as to whether the procedure under which the Conference was operating was in strict conformity with the Berlin agreement, which established the Council. I do not intend tonight to discuss that highly technical matter. It is enough to say that the procedure which permitted France and China to be present at all Council meetings, though with no power of vote in certain cases, was agreed to by the Soviet Union on Sept. 11 and had been followed for 10 days without question. Certainly the Soviet Union would not have accepted and followed a procedure which it believed to be violative of the Berlin agreement. Only when the procedure failed to produce results satisfactory to the Soviet Union did it demand a change which would have eliminated France and China. That change was demanded as a means of indicating Soviet displeasure with the course the negotiations were taking and as a means of finding out whether or not the United States was really determined to hold the basic principles I have described.

U. S. Unwilling to Sacrifice

The Soviet delegation believed, and rightly believed, that the United States atached great importance to preserving the appearance of unity among the Big Three. They also knew that we were anxious quickly to conclude peace with Italy. They wanted to find out how much of our principle we would sacrifice to attain these goals. They did find out. They found out that the United States was not willing to sacrifice its principles or its historic friendship with China and France.

That American decision vitally concerned the future of our nation. As Secretary Byrnes said last night, I participated with him in the making of that decision. I unqualifiedly concurred in it. However, he, as the Secretary of State, had to assume the primary responsibility, and he is entitled to the support of the American people, without regard to party, in standing for principle rather than expediency, in keeping with the best American tradition.

Let me hasten to say that I have no feeling that the Soviet delegation, in forcing that decision upon us, did anything that was not within their rights. In every important negotiation, public or private, there comes a moment when the negotiators test each other out. It was inevitable that a time should come when the Soviet Union would want to test us out. It is a good thing that that has happened and that it is now behind us.

The American people should see what has happened in its true proportions. We are at the beginning of a long and difficult negotiation which will involve the structure of the post-war world. The Soviet Union wants to know what our political attitude will be toward the States which border them, particularly in the Balkans. They want to know what our attitude is toward sharing with them the control of defeated Japan. They want to know what our attitude will be toward giving them economic aid. These and other matters must, in due course, be explored, and it may be that until that whole area has been explored progress will be slow.

Good Beginning Made

Let us be calm and be mature. We have made not a bad, but a good, beginning. That beginning has not created difficulties. It has merely revealed difficulties of long standing, which war has obscured. It is healthy that we now know the facts. Furthermore, we have at the beginning shown that we stand firm for basic principles. That is of transcendent importance.

We are emerging from six years of war, during which morality and principle have increasingly been put aside in favor of military expediency. The war has now ended and with that ending principle and morality must be reestablished in the world. The United States ought to take a lead in that. We are the only great nation whose people have not been drained, physically and spiritually. It devolves upon us to give leadership in restoring principle as a guide to conduct. If we do not do that, the world will not be worth living in. Indeed, it probably will be a world in which human beings cannot live. For we now know that this planet will, like others, become uninhabitable unless men subject their physical power to the restraints of moral law.

N. Y. Chapter AIB to Hold Annual Banquet

Edgar C. Egerton, President of the New York Chapter, American Institute of Banking, and Vice-President of the Seamen's Bank for Savings, announces that the Chapter will hold its 42nd annual banquet on Saturday evening, Feb. 2, at the Hotel Astor. This traditional bankers' meeting is being resumed after a lapse of three years.

WPB Abolished by President—Replaced by CPA Nov. 3; Small New Administrator

Recent conjectures as to the fate of the War Production Board, the agency which played the biggest part in the conduct of our industrial economy during the war, were ended by the announcement on Oct. 4 of the issuance by President Truman of an executive order abolishing the WPB and replacing it with a comparatively smaller agency, the Civilian Production Administration. The Associated Press, in reporting the news from Washington of the President's action, stated that the CPA would be set up in the Office of Emergency Management, which is part of the executive office of the President. The dissolution of the WPB is to be effective Nov. 3, and J. A. Krug, its Chairman, has resigned as of that date. The President has named J. D. Small, now Chief of Staff for WPB, as the Administrator of the CPA.

In outlining on Oct. 4 the functions of the new agency, Mr. Small said in part:

"The War Production Board's task of production for war has been completed and WPB's record of accomplishment during the war years speaks for itself. The Civilian Production Administration will take over, and will carry forward, those remaining WPB functions and controls that are required during the transition period of reconversion to accomplish the objectives laid down by the applicable Federal statutes and Executive Orders of the President, including particularly the War Mobilization and Reconversion Act of 1944 and the recent executive order of the President outlining the policies to be followed in the transition from war to peace. The functions transferred to the new office will be utilized to further a swift orderly transition from wartime production to a maximum peacetime production in industry free from wartime Government controls with due regard for the stability of prices and costs.

"It will use its authorized powers to expand the production of materials which are in short supply; limit the use of materials which are still scarce; restrict the accumulation of inventories so as to avoid speculation, hoarding, and unbalanced distribution which would curtail total production; grant priority assistance to break bottlenecks which would impede the reconversion process; facilitate the fulfillment of relief and other essential export programs, and allocate scarce materials or facilities necessary for the production of low priced items essential to the continued success of the stabilization program."

Mr. Small also stated:

"The executive order creating the CPA as a separate agency carrying out the policies of the Director of War Mobilization and Reconversion, transfers to it on Nov. 3, 1945, all the still remaining functions, powers, personnel, records, etc., of the War Production Board. Any outstanding WPB regulations, directives, orders, or delegations of authority remain in full force and effect as instruments of CPA, until revoked or amended by that office."

Mr. Small explained, however, that the individual CPA controls will be lifted as soon as each is no longer needed for orderly reconversion.

Outlining the organizational structure of the new office, Mr. Small said that it would be much smaller and more compact than the giant WPB structure that was needed during the war years. There will be five main bureaus handling respectively, industrial operations, priorities, field operations, international supply, and the orderly demobilization of former WPB functions that will now either be closed out or, in some cases, transferred to other agencies.

"Instructions have been sent to the Compliance Division to continue its expanded investigations and other compliance activities during the next few months in order to prevent possible violators from getting an unfair advantage over the vast majority of business concerns which have always tried to comply with our orders," Mr. Small revealed.

The five bureaus operating under CPA are:

(1) Industrial Reconversion Operations.

(2) Reconversion Priorities.

(3) Field Operations.

(4) International Supply.

(5) Demobilization.

Mr. Small joined WPB in September, 1944, as executive officer. He was appointed Chief of Staff by Mr. Krug last April 28. He headed the Committee on Period One which planned WPB's proram for the transitional period between the end of the war in Europe and the defeat of Japan and which also drew up the WPB plan for full reconversion of industry that went into effect on V-J Day.

Mr. Small will receive a salary of $12,000 a year, and, under the provisions of the executive order, is to follow general policies laid down by John W. Snyder, Director of War Mobilization and Reconversion.

President Truman Opens War Fund Drive

The 1945 National War Fund drive was opened on Oct. 2 with an appeal to the nation by radio made by President Truman, who urged the American people to be generous to the fund and thus assist tne agencies which it embraces to "finish the job they were set up to do." In his address the President said in part:

We must support these war fund agencies because of their support of our armed forces. Of course we gave our armed forces in the field the best equipment and supplies that we could provide. We gave our men the best training and leadership we could secure. We gave them everything we could. But there was one thing that we had to depend on the member agencies of the National War Fund to supply. That was the plain, human friendship, the good-neighborliness, the little bit of home, that they provided our service men and women through every USO club and unit.

I am speaking to you tonight because it is important, because it is imperative, that these war fund agencies finish the job they were set up to do. War service has not ended. I don't need to tell that to anyone whose son is still serving with the occupation forces or with the service troops in this country. For them, the war is till going on. That's why USO and USO-camp shows must go on with the fine work they've been doing—until all our service men and women are back home with us again.

The appeal of the National War Fund and your local Community War Fund is a human appeal for three causes—for continued friendly services for the men and women who still have a job to do in the armed forces; for health and welfare services for our own people at home; and for relief and assistance for the war stricken people of liberated countries—our Allies who fought by our side.

We have won the victory of arms; now let us push on to greater conquests—to the total victory of human justice and decency and faith in mankind.

Let us be generous, and let us give abundant thanks to God in victory.

Here and There

(Continued from first page)

corporate extravagance (with "10-cent dollars") and inflationary consumer spending, and thus actually enhanced economic instability. Hence he erroneously alleged a benefit of the tax, and at the same time failed to point out this inflationary feature as one of the important reasons for abolishing it.

If the imminent corporate savings from excess profits tax repeal are mandatorily or otherwise largely devoted to wage rises, inflation and economic instability will again be promoted.

* * *

It seems that the foolish but growing accusation is being brought against "industry" that it is promoting labor strife at this time because it doesn't care about losing production which would bring in additional earnings at 1945 excess-profits rates. This commits a frequent basic error of conceiving of management policies and interests on an industry-wide rather than on a company basis. Surely the desire to gain its own best competitive position by getting the jump in reconversion (as with Ford) is more to the self-interest of an individual company and outweighs any thoughts of paying for plant tie-ups with "tax-money."

* * *

Chancellor of the Exchequer Dalton announces that the first steps to "nationalize" the Bank of England will be taken in Parliament shortly. The real significance of the procedure with regard to the Bank, as with the balance of the British socialization program, remains in utter confusion. British labor interests, including their organs of the press, hail the Bank changes as a decisive step, while on the other hand, British officials here are zealously soft-pedalling the "so-called" nationalization of the Bank as merely a minor change of form rather than of substance.

In any event it is understood that the joint stock banks will not be taken over, but that the Bank of England will become the Government's instrument for financial control over them.

* * *

Surely the Government must get off the fence in defining a policy on the relationship of increased wages and prices. Industry, backed by reconversion chief Snyder, will continue to battle against increased labor costs unless they are accompanied by equivalent price rises, while labor will push to the bitter end its fight for increased real income for labor and the alleged maintenance of consumer purchasing power. In any event Government machinery will have to be established for the determination of accompanying price increases in individual cases and for the consideration of inequities that might justify particular wage increases.

* * *

In view of the current bullish performance of the shares of the utilities in keeping pace with the general market rise in industrials and rails, it may be worth while to point out some grounds for caution.

One should not generalize on the effects of tax-relief on an industry-wide basis, but each company should be examined individually. This applies to excess profits taxation, and also to the acceleration of amortization of plant, which will work out differently by companies; the ending of acceleration will cause a rise in the taxes of some companies.

It also must be borne in mind that because of ever-present rate regulation, the practice of forecasting net earnings by simply applying anticipated tax rates to recent and current gross income, is highly dangerous. Rates may be cut also as a result of the combination of public supplies of power with cutbacks in war-induced industrial consumption. They may also be cut by regulatory bodies to bring them within legal rates of return—at levels as currently conceived as fair, or lower.

Increases in the cost factor must also be considered. In addition to their own direct rises in labor costs, arising from wage advances and increases in the number of employees to pre-war levels, higher wages in the coal industry would entail higher costs to the utility companies.

Moreover, buying of utilities prompted by their supposed relatively liberal dividend yields, is based on loose thinking. Actually the yields on the industrials in the Dow Jones averages exceeds that of the utilities. And the utilities pay out about 80% of their earnings in dividends, against 60% for industrials; the price-earnings ratios of high grade utility operating companies considerably exceeding that of industrials (the average of which is 15 calculated on the current Dow Jones average price combined with its components' projected first-half earnings).

U. S. Supreme Court Opens New Term; Truman Present as Burton Is Sworn In

The opening of the new term of the United States Supreme Court on Oct. 1 was marked by the unprecedented visit to the Court of President Truman to see his first appointee, Harold H. Burton of Ohio (Republican), assume his post as an Associate Justice. The nomination of Mr. Burton was unanimously confirmed by the Senate on Sept. 19, as was noted in our Sept. 27 issue, page 1496.

Regarding the seating of the new Associate Justice, Associated Press accounts from Washington Oct. 1 said in part:

Veteran court officials said that in the court's 155-year history no President had appeared in the courtroom while serving as Chief Executive.

Mr. Truman stepped into the yellow marble courtroom from a side entrance eight minutes before the black-robed Justices marched to their bench at noon.

Court attaches escorted Mr. Truman to a mahogany counsel table directly beneath the bar and a few feet from Chief Justice Stone. From this point in front of the jammed courtroom he had an unobstructed view of the brief ceremony by which Mr. Burton, with whom the President served in the Senate, became a member of the high tribunal.

The President, wearing a gray, double-breasted suit and soft collar shirt, chatted with Attorney-General Tom C. Clark and other acquaintances while waiting for the justices to appear.

Mr. Truman stopped chatting and jumped to his feet quickly at the instant Chief Justice Stone appeared through the velvet curtain leading to the bench. He exchanged smiles with the justices as they took their places.

Justice Stone paid a tribute to Owen J. Roberts, who retired from the court last July. Then Mr. Burton, wearing the traditional black silk judicial robe for the first time, stepped to the desk of Charles Elmore Cropley, clerk of the Court. With upraised right hand he swore to give justice to all impartially.

After Mr. Burton took his seat, the President left. He was in the courtroom thirteen minutes.

Mr. Burton already had taken an oath to support the Constitution. It was administered by Justice Stone in the court's conference room.

In Washington advices Oct. 1 to the New York "Times" Lewis Wood reported that following the swearing in of Justice Burton the court ceased work until Monday Oct. 8, when hundreds of petitions for review will be acted upon. It was added that hearing of arguments will begin Oct. 15, but no opinions are expected before the first part of November, at the earliest.

Former Associate Justice Roberts (retired) whose place on the Bench is taken by Justice Burton, was also a Republican. Justice Stone is the only other Republican in the Court, said United Press advices from Washington on Sept. 30, from which we also quote:

With Mr. Burton seated, the Justices will plunge into the work of the eight-month term. Reconversion is expected to bring many legal problems before the Court.

It will be handicapped to some extent at the start by the absence of Associate Justice Robert H. Jackson, who now is in Europe serving as Chief United States Prosecutor of war crimes. He is not expected back until after the first of the year at least.

Justice Jackson's absence also opens up the possibility that a number of cases heard early in the term may be decided by 4 to 4 tie votes. Such deadlocked verdicts automatically sustain judgments of lower courts.

Such a result becomes more apparent under scrutiny of the philosophies of the eight-man panel. Mr. Burton, a middle-of-the-road Republican, is expected to vote most consistently with the rather conservative views of Chief Justice Stone and Justices Reed and Frankfurter. Justices Hugo L. Black, William O. Douglas and Frank Murphy, often joined by Wiley B. Rutledge, have often voted as a bloc, especially on issues involving governmental policies.

The court's docket already contains an appeal in one major case born out of wartime emergencies. This is the appeal of Montgomery Ward & Co. of Chicago, asking for a review of legal issues involved in the Government's seizure of its properties tied up by labor troubles.

Other major issues before the tribunal include:

1. The North American Company, giant holding company, and two kindred cases challenging constitutionality of the so-called "death sentence" clause of the 1938 Public Utility Holding Company Act.

2. A petition by The Associated Press urging the court to reconsider its June 18 ruling that AP's membership by-laws violate the Federal anti-trust laws.

3. An appeal by the Postoffice Department over the issue of whether Esquire Magazine's drawings are clothed sufficiently to be sent through the second-class mails.

Veterans' Guide Forum

The Young Men's Board of Trade sponsored a veterans' guidance forum on Oct. 1 to provide information and advice about opportunities for returning service men interested in careers in the financial world. Edward O. Douglas, Assistant Vice-President of the New York Federal Reserve Bank; John A. Elbe, Vice-President of Lincoln Savings Bank of Brooklyn, and J. Stanley Brown, personnel director of Chemical Bank & Trust Company of New York described some of the present-day job opportunities and possibilities in the banking field. James Lyall, President of the Young Men's Board of Trade, announced the Board's decision to conduct a similar forum each Monday night. A panel of banking and investment men will be present each week to give counsel and answer questions of veterans interested in these fields, he declared. Thomas B. Noble of Philip Wilcox, Inc., is in charge of the forum which meets at 50 Rockefeller Plaza in facilities provided by the National Cash Register Company.

U. S. Must Assume Principal Role In Keeping World Peace: Truman

(Continued from first page)

Last year I came as the candidate for Vice-President of the United States. Mr. Roosevelt and myself were the candidates on the Democratic ticket.

We won that election, as you know, and I settled down as President of the Senate and its presiding officer to happily enjoy a four-year term. Then suddenly, like a bolt out of the blue, Mr. Roosevelt passed away, a great leader, a great humanitarian, the greatest of our war presidents.

The greatest responsibility that ever has fallen to a human being in the history of the world fell to me. In my first address to the Congress after that happened I explained to them that I had not sought that responsibility, nor had I sought the honor which goes with that responsibility. But I had been a public servant in one phase or another for the past 30 years, and I have never shirked a job.

I shall not shirk this one.

I told the American Congress and the nation that if we're to be successful, and we will be, undoubtedly, it would require the cooperation not only of the Congress, but of the country as a whole, for us to accomplish the things which Almighty God intended this great nation to accomplish.

Just to rehearse for your benefit a few of the things that have happened since April 12, 1945, just about six months ago. The San Francisco Conference was convened on the 25th day of April, just 13 days after I was sworn in as President of the United States.

The Conference was successful and just about four months after it was convened the United States approved the Charter of the United Nations by an overwhelming majority. There were only two Senators against it and I never did understand why they were against it.

New Foreign Policy

At any rate, the United States entered on an entirely new development of its foreign policy.

Some three months after that I went to Berlin to meet with the heads of the Governments of Russia and Great Britain in order to discuss the world outlook for the coming peace.

The deliberations of that Conference will be felt for generations in the final peace.

Just a little less than a month after I became President, that is 26 days after I was inaugurated, the Axis Powers in Europe folded up.

On the 12th day of August, Japan folded up. In the meantime, the most earth-shaking discovery in the history of the world was made, the development of atomic power.

That discovery was used in the last war effort against Japan and the effect of that atomic bomb is too terrible for contemplation. But we have only begun on the atomic energy program. That great force, if properly used by this country of ours and by the world at large, can become the greatest boon that humanity has ever had.

It can create a world which, in my opinion, will be the happiest world that the sun has ever shone upon.

Now I am reminding you of all these things which have taken place in the last short six months to impress upon you the terrible responsibilities of the President of the United States. The President of the United States is your President. I am telling you just what his responsibilities are, because you are my friends, and I thing you understand the difficulties which I face.

Cooperation Essential

Now, it is just as necessary to have the cooperation of every branch and every member of every part of the Government of the United States, from the constable in this township to the President of the United States.

We must have that cooperation. We must go forward. We are going forward.

We understand that the road to peace is just as difficult and may be more difficult as was the road to victory during the war. And the reason for that difficulty is that we all distinctly understand that after every war there's bound to be a let down. There is bound to be a change of attitude.

There is bound to be a great many of us who say, "Oh well, I don't have to work any more. I don't have to take any interest in the welfare of my Government any more."

We can't have that attitude. We must cooperate now as we never have before in the history of the country. We have the greatest production machine that the world has ever seen. We conclusively proved that free government is the most efficient government in every emergency.

We conclusively proved that by our victory over Germany and Italy and Japan and their allies.

In order to prove to the world that our reconversion program can be handled just as efficiently, and that our tremendous production machine can be operated for peace as well as war, we must all get in and push.

Home-Front Peace Required

That doesn't require anything in the world but plain understanding among ourselves. That requires the cooperation of management and labor and the farmers and every storekeeper, and every man who has an interest in the Government of the United States. And by showing that we ourselves know where we are going and why, we can show the rest of the world the road to liberty and to peace.

We are not anywhere near stalled on that road. We are only beginning to travel it.

We are going to have difficulties. You can't do anything worthwhile without difficulty. No man who ever accomplishes anything can expect to do it without making mistakes. The man who never does anything never makes any mistakes.

We may make mistakes. We may have difficulties, but I am asking you to exercise that admonition which we will find in the gospels and which Christ told us was the way to get along in the world:

"Do by your neighbor as you would be done by."

And that applies to you and you just as it applies to Great Britain and France and China and Russia and Czechoslovakia and Poland and Brazil. The nations, when they decide that the welfare of the world is much more important than any individual gain which they themselves can make at the expense of another nation, then we can take this discovery which we have made and make this world the greatest place the sun has ever shone upon.

U. S. Must Lead

Now, in 1938, I stood on this platform right here and explained to you that our then isolationism would eventually lead to war. I made that speech after President Roosevelt made his speech at Chicago in 1937, in which he warned the United States that we were approaching another world war. We can't stand another global war. We can't ever have another war unless it is total war and that means the end of our civilization as we know it. We are not going to do that. We are going to accept that Golden Rule and we are going forward to meet our destiny, which I think Almighty God intended us to have, and we are going to be the leaders.

From Washington Ahead of The News

(Continued from first page)

how vigorous a man Mr. Truman is, he is quite annoyed with labor. He and his friend, Mr. Snyder, the reconversion director and preventer of inflation, rather amateurishly had a plan that would get America over the hump. It was that big industry could give an increase up to 15% without raising the price to the consumers. This, the oil companies did. Whether the other fellows were going to do it or not, we do not know. It was the Truman-Snyder formula that this was an easy way to reconversion, without inflation, and that's a term which has been so bandied about that this writer ceases to make any pretense of understanding it.

Anyhow, labor didn't take the 15%. Oil employees and other employees alike are seeking 30%. Mr. Truman figures that this is no way to play ball. It is an awful mean thing to do to him.

What then, is he likely to do in the premises? By way of being a strong man, a leader, he moved the Navy into the oil plants. Our reports are that they are taking no nonsense from anybody. There is no coddling of the employes. There is no coddling of the union.

If we were of the Detroit automobile industry, we would have no fear of Government embarrassment in our dealings with the union leaders. If it was our purpose to sit it out with them, we would go ahead and do that on the strength of what we know about Mr. Truman. In the first place, his sympathies with labor are considerably dulled, and any forceful leadership that he might be forced to take, would be, if not against the labor leaders, at least ineffectual.

But another situation is coming up out there, bearing upon the whole reconversion program, and the getting of the wheels of progress started again, etc., which is unpredictable. This is the situation revolving around the ascension of young Henry Ford II to the head of the Ford empire. It is not just such a case as it was several years ago when Edsel Ford was made president. Because the old man kept a hold on things.

It is our information that the old man is now definitely through and it is quite apparent that young Henry has been given his head, with his mother, Edsel's widow, in the driver's seat. The stories that are circulating in Washington about their plans are more important on our future economy than anything Mr. Truman may do. One alarming story is that their ambition is to get back into first place as the producers of low priced cars, regardless of what it costs. This story is to the effect that they are prepared to tell the CIO that if this can be done the CIO can write its own ticket. Manifestly, if this is true, the other automobile companies can't sit out anything with anybody. It is our point that the story of America's future labor relations shifts to the unpredictable young Henry and his mother. It doesn't have to do with Mr. Truman.

Cotton Ginned from 1945 Crop Prior to Sept. 16

The Census report issued on Sept. 24, compiled from the individual returns of the ginners, shows as follows the number of bales of cotton ginned from the growth of 1945 prior to Sept. 16, 1945 and comparative statistics to the corresponding date in 1944 and 1943.

RUNNING BALES
(Counting round as half bales and excluding linters)

State—	1945	1944	1943
United States	*1,019,658	1,824,262	3,735,881
Alabama	143,857	185,248	404,008
Arizona	4,457	3,930	10,128
Arkansas	6,543	147,906	302,561
Florida	4,408	6,825	9,835
Georgia	113,042	188,371	343,960
Louisiana	95,494	178,090	372,840
Mississippi	115,809	294,664	738,564
New Mexico	417	189	5,184
North Carolina	5,045	60,095	75,499
Oklahoma	1,335	23,182	26,501
South Carolina	83,496	188,358	213,958
Texas	445,666	456,841	1,122,682
All other States	89	90,563	110,161

*Includes 132,737 bales of the crop of 1945 ginned prior to Aug. 1 which was counted in the supply for the season of 1944-45, compared with 48,182 and 107,053 bales of the crops of 1944 and 1943.

The statistics in this report include 20 bales of American-Egyptian for 1945, 175 for 1944, and 3,289 for 1943; also included are no bales of Sea-Island for 1945, none for 1944, and 8 for 1943. The ginning of round bales has been discontinued since 1941.

The statistics for 1945 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail. The revised total of cotton ginned this season prior to Sept. 1, is 462,938 bales.

Living Costs Down Or Unchanged in 40 Of 63 Cities in July

Living costs of wage earners and lower-salaried clerical workers declined from June to July in 26 of the 63 industrial cities surveyed each month by the National Industrial Conference Board, and were unchanged in 14 cities. Increases were shown for 23 cities. The Conference Board's report issued on Sept. 10 added:

Declines of 0.6% occurred in Denver, Evansville and Youngstown. There were increases of 0.7% in New Orleans and Philadelphia, and of 0.5% in Chattanooga, Macon, Roanoke, and Trenton.

The following table gives the percentage changes in the cost of living in 63 cities from June to July, according to The Confrence Board indexes:

City—	% Change
New Orleans	+0.7
Philadelphia	+0.7
Chattanooga	+0.5
Macon	+0.5
Roanoke, Va.	+0.5
Trenton, N. J.	+0.5
Atlanta	+0.4
Birmingham	+0.4
Erie, Pa.	+0.4
Sacramento	+0.4
Grand Rapids	+0.3
Minneapolis	+0.3
Boston	+0.2
Buffalo	+0.2
Cleveland	+0.2
Detroit	+0.2
Duluth	+0.2
Houston	+0.2
Los Angeles	+0.2
Parkersburg, W. Va.	+0.2
Portland, Ore.	+0.2
Syracuse	+0.2
Baltimore	+0.1
Akron	0
Fall River	0
Huntington, W. Va.	0
Kansas City, Mo.	0
Lewistown, Pa.	0
Muskegon	0
Newark	0
New York	0
Providence	0
Richmond	0
Rochester	0
St. Paul	0
Toledo	0
Wilmington, Del.	0
Chicago	—0.1
Dallas	—0.1
Front Royal, Va.	—0.1
Joliet, Ill.	—0.1
Lansing	—0.1
Memphis	—0.1
Rockford, Ill.	—0.1
St. Louis	—0.1
Seattle	—0.1
Cincinnati	—0.2
Dayton	—0.2
Des Moines	—0.2
Indianapolis	—0.2
Louisville	—0.2
New Haven	—0.2
Pittsburg	—0.2
San Francisco-Oakland	—0.2
Spokane	—0.2
Green Bay, Wis.	—0.3
Omaha	—0.3
Bridgeport	—0.4
Milwaukee	—0.4
Wausau, Wis.	—0.5
Denver	—0.6
Evansville, Ind.	—0.6
Youngstown	—0.6

U. S. to Have Offshore Jurisdiction

President Truman on Sept. 28 proclaimed the exclusive right of the United States to oil and other natural resources of the 759,600 sq. miles of "Continental Shelf," which is submerged land contiguous to the United States mainland, its territories and possessions, covered by no more than 600 feet of water. The Associated Press in its Washington dispatch, pointed out that this shelf extends in most instances beyond the three-mile limit of ownership recognized by international law. The action, taken in an executive order, was accompanied by another proclamation asserting this Government's right to establish conservation zones for the protection of its fisheries in areas of the high seas off the coasts of the United States, the Associated Press stated, and continued:

The President's proclamation said the United States considers "the exercise of jurisdiction over the natural resources of the subsoil and sea bed of the continental shelf by the contiguous nation is reasonable and just."

"The continental shelf," it said, "may be regarded as an extension of the land-mass of the coastal nation and thus naturally appurtenant to it."

Its resources "frequently form a seaward extension of a pool or deposit lying within the territory."

"Self-protection compels the coastal nation to keep close watch over activities off its shores which are of a nature necessary for utilization of these resources."

The President declared that the development and discovery of new sources of petroleum and other minerals should be encouraged in view of the worldwide need, and that experts believe portions of the United States continental shelf beyond the three-mile limit contain valuable oil deposits.

Oil being taken at present from within the three-mile limit off the coast of California and there are geological indications that rich oil deposits extend into the Gulf of Mexico off the coast of Texas.

By directive order accompanying the proclamations, the President reserved administration of the resources of the continental shelf, pending legislative action, under the control of the Secretary of Interior.

The State of Trade

(Continued from page 1747)

responding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 172,200,000 kwh. in the week ended Sept. 30, 1945, comparing with 168,500,000 kwh. for the corresponding week of 1944, or an increase of 2.2%.

Local distribution of electricity amounted to 170,800,000 kwh., compared with 160,700,000 kwh. for the corresponding week of last year, an increase of 6.3%.

August Hardware Store Sales Rise—Sales of independent retail hardware stores in all parts of the United States showed an average gain, in dollar volume, of 6% in August over the same month, last year, "Hardware Age" reported Oct. 11, in its every-other-Thursday market summary. Sales for the first eight months of this year showed an average increase of 11% over the same period last year.

Paper and Paperboard Production — Paper production in the United States for the week ending Sept. 29, was 97.0% of mill capacity, against 94.3% in the preceding week and 93.5% in the like 1944 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 96%, compared with 93% in the preceding week and 95% in the like 1944 week.

Business Failures Continue Low—Little change occurred in commercial and industrial failures in the week ending Oct. 4, reports Dun & Bradstreet, Inc. Concerns failing showed a small increase from the previous week but did not reach one-half the number in the comparable week of 1944. Failures number 13 in the week just ended against 10 last week and 27 in the corresponding week a year ago.

Large failures involving liabilities of $5,000 or more increased from 6 in the prior week to 10 this week, but they were far short of the 19 occurring last year. On the other hand, only 3 concerns failed with liabilities of less than $5,000. Most of the week's failures were concentrated in retail trade and in construction.

One Canadian failure was reported, the same as in the prior week. There were 3 failures in Canada in the corresponding week a year ago.

Wholesale Commodity Price Index—Largely reflecting the rising trend in grain and cotton values, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., extended the upward movement that began early in September. The index went to 177.71 on October 1, the highest since the wartime peak of 178.56 reached on July 16 and closed at 177.50 on October 2. This compared with 176.94 a week previous and with 173.34 at this time a year ago.

Grain markets showed further strength. Continuing the advance which started late in August, wheat futures as well as the cash grain rose to new high ground for the current season. A dominant factor in the rise was the continued heavy actual and prospective foreign food requiremetnts. Rye also touched new seasonal peaks and other grains, except corn, scored good gains for the period. Frosts were reported in parts of the corn belt but a good part of the crop is now said to be out of danger. Trading in flour was quiet most of the week but fairly good bookings were reported on Monday of this week following the advance in the wheat subsidy rate for August. Production of lard and fats remained on a restricted basis. Hog values held firmly at ceilings with the limited receipts continuing in strong demand.

Cotton prices displayed marked firmness as the week closed following irregular movements in early transactions. Aiding in the rise were the unexpected advance of 13 cents in the parity price of the staple to 21.58 cents as of mid-September and the general belief that Government controls will be continued. Caution still dominated the carded gray goods markets as far as forward commitments were concerned. Moderate day-to-day sales took place, however, following issuance of OPA price ceiling increases. This added up to a sizable volume for the week, most transactions being for spot or nearby delivery.

With the trade still awaiting revision of pricing schedules, domestic wools in the Boston market continued very quiet. Scattered offerings of fine foreign wools met with good demand at firm prices but buying of foreign medium grades was cautious due to uncertainty of prices for domestice. Due mainly to manpower problems at the mills, woolen and worsted fabric deliveries continue behind schedules and Spring allocations to the men's wear division are reported far below trade expectations.

Wholesale Food Price Index Higher—Advancing three cents from the year's low of $4.04 ruling for four weeks past, the Dun & Bradstreet wholesale food price index for Oct. 2 went to $4.07. This was 1.7% higher than last year's $4.00 and was slightly above the $4.05 recorded on the like 1943 date. Up for the week were wheat, rye, oats, barley, eggs, currants, sheep and lambs. Declines occurred in flour and potatoes.

The index represents the sum total of the price per pound of 31 foods in general use.

Retails and Wholesale Trade—Retail trade volume for the country at large increased slightly over last week and over the corresponding week a year ago. Purchasing in some areas was reported hampered by rain or unseasonable heat. On the whole, however, retailers' problems continued to be those of getting adequate supplies rather than slackening of demand, reports Dun & Bradstreet, Inc., in its review of trade for the past week. It was remarked that customers were paying closer attention to price-quality relationshops. Fall apparel, accessories and groceries were among lines with higher volume than at the same time last year.

In most apparel lines volume rose during the week. Especially in northern areas, Winter underwear, night clothes, skirts and sweaters were best sellers. Customers called for ornamented black dresses beyond the ability of some retailers to secure replacements. Retailers again reported rayon stockings in large demand. Fur volume picked up. Men's and boys' sportswear sold well.

Jewelry volume remained high; gold was favored over silver. Houseware departments noted increased interest in advance orders for home appliances. Rugs sold well with small rugs particularly in demand. In buying house furnishings, customers were said to be more selective. Piece goods counters had scant variety but volume was sustained.

Grocery volume remained moderately above a year ago. Meat supplies continued in larger quantity and butchers in increasing numbers resumed the customary six-day business week. Produce, especially potatoes, was available in plenty.

Retail volume for the country was estimated at from 1 to 5% over a year ago. Regional percentage increases were: New England 3 to 6, East 2 to 6, Middle West —1 to +3, Northwest 4 to 8, South 1 to 4, Southwest 0 to 4, Pacific Coast 3 to 7.

Trading in the wholesale markets last week was heavy; volume equalled that of the previous week and was slightly over the same week of last year. Reorders were abundant for most apparel lines. Deliveries of many types of merchandise were slow. Wholesalers' stocks were irregular; in some sections they were reported to be smaller even than during the war.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Sept. 29, 1945, increased by 6% above the same period of last year. This compared with an increase of 14% in the preceding week. For the four weeks ended Sept. 29, 1945, sales increased by 7% and for the year to date showed an increase of 11%.

Here in New York the past week the garment trade was endeavoring to catch up on both delayed production and shipments occasioned by the elevator strike in the previous week. Retail trade was given a lift by cooler weather with apparel and accessories particularly benefited. The rise in wholesale and retail food sales in the week showed no abatement. The scarcity of sugar, fats, oil and soap remained unchanged.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Sept. 29, 1945, increased by 2% above the same period of last year. This compared with an increase of 14% in the preceding week. For the four weeks ended Sept. 29, 1945, sales rose by 8% and for the year to date increased by 12%.

House Group Completes Tax Reduction Program

After receiving the administration's proposals for tax relief in 1946, the House Ways and Means Committee on Oct. 4 worked out its own ideas as to what form new tax legislation should take and turned the result over to the legislative drafting service to be put into bill form for House action, advices from the Washington Bureau of the "Wall Street Journal" stated. A day earlier the Committee had voted individuals a reduction for next year of almost half a billion dollars more than Treasury Secretary Vinson's program proposed, and finally reduced the excess profits tax rate from 95% to 60% (effective rate 54%), although Mr. Vinson had recommended outright repeal of this levy.

On October 9 the committee formally approved the bill and completed drafting its report, which the United Press indicated would be made public Oct. 10. It was added that following traditional practice, the committee would ask the House Rules Committee to send the bill to the floor under a special rule forbidding amendments. United Press Washington advices Oct. 9 also said:

"Republican members of the Ways and Means Committee said tonight that future tax reductions could be made only if the Administration stopped "wasteful and unnecessary spending."

In a statement prepared to accompany the Committee report on the $5,300,000,000 tax relief bill, the Republicans, while welcoming the reductions, said that "much greater" ones would be possible now if the Administration had practiced strict economy.

It was noted by the Associated Press on the same day that the Republican members of the Committee declared "we cannot continue to play Santa Claus to the other nations of the earth and remain solvent." The Associated Press continued:

Filing their "supplemental views" on the $5,300,000,000 peacetime tax-cutting bill, the Republicans blamed the size of the national debt on "profligate spending," and stated:

"Further reductions in tax rates can only be made if the Administration will cut out wasteful and unnecessary spending."

The minority committeemen made their "Santa Claus" statement at a time when Britain and other nations are seeking loans in this country. They said:

"The demands upon the Federal Treasury are becoming increasingly heavy and the time has come for the Administration to take an inventory of our assets and liabilities with view to determining what we should do and how far we can go. . . .

"Only a solvent America can help meet the post-war problems of the world.

"Billions will be needed to provide adequate care for those who return home maimed and wounded. The dependents of those who made the supreme sacrifice must be secured against want and uncertainty if we would do our full duty to our heroic dead. Those sacred obligations must come before all other considerations."

The Republicans said the $5,300,000,000 tax cut is good, "but it is not enough." They added: "The country will expect further and more substantial reductions in the next bill which will be taken up at the next session of Congress."

The program, as finally approved by the Ways and Means Committee, according to the "Wall Street Journal," calls for:

1. Retention of the excess profits tax through 1946, but with the 95% "gross" rate cut to 60%. This would save some 19,000 companies an estimated $1,270,000,000 in taxes on their 1946 earnings.

2. A reduction of 10% in the regular taxes on corporation incomes. This will be made by cutting the 16% surtax to 12%, with the result that the combined corporate and normal surtax will drop on Jan. 1 from a 40% to a 36% rate. This change, it was estimated, will save corporations an additional $404,000,000 and spread the savings among all taxpaying companies.

3. Repeal of the so-called wartime declared value excess profits tax on July 1, 1946. Repeal of this tax, which must be paid even if a company has no income, will save an estimated $200,000,000.

4. Repeal of the so-called wartime increases in excise tax rates on more than a dozen goods and services, including rate boosts on telephone bills, light bulbs, alcoholic beverages, furs and jewelry, on July 1, 1946. This, it is estimated, will save taxpayers $550,000,000 next year.

Refunds will be made by the Treasury on tax-paid floor stocks in the hands of manufacturers, dealers and retailers at the time the rate reduction becomes effective. These refunds are figured at $160,000,000.

5. Repeal of the automobile and boat use tax stamp. Elimination of this war-time tax will save auto and boat users about $135,000,000.

6. Freeze of the social security payroll tax at its present 1% rate on employers and employees for 1946. This tax had been scheduled to rise to 2½% on employers and employees Jan. 1 and would have cost them nearly $1,500,000,000 next year.

7. Higher normal tax personal exemptions and lower surtax rates for individuals.

A proviso for individuals, the "Wall Street Journal" noted, states that their reductions shall not be less than 10% of their tax bill, figured at 1945 rates.

It is expected that the Senate Finance Committee will take exception to the House committee's decision to continue the excess profits tax for 1946 at a 60% rate, the "Wall Street Journal" pointed out, and continued:

Repeal of the excess profits tax Jan. 1, 1946, as proposed by Treasury Secretary Vinson, would have benefited only those companies with earnings high enough to come in the excess profits class. There was strong sentiment in the House committee to write in some provision which would have extended relief to include all companies. At the same time, majority sentiment favored repeal of the excess profits tax Jan. 1 as "a business assurance" move. Together, these moves would have extended the revenue loss beyond the level recommended by the Treasury.

One Ways and Means Committee member said that it was the prospect that the Senate committee would vote to repeal the excess profits tax and retain the reduction in the combined corporate normal and surtax rate that prompted the House group's action.

As committee members interpreted their action, the proposed 60% excess profits tax rate for 1946 is the "gross" rate, comparable to the present 95% rate. Under the 10% post-war credit provision, which the committee left in the law, the net rate becomes 54%, compared with the present net rate of 85.5%.

The carryback of unused excess profits tax credits will continue through 1946, but will disappear when the excess profits tax comes off the books at the end of the year.

The committee instructed its experts to see if they can develop some way of preventing the carryback from being abused. It would be possible for so-called "war babies" to stop operations and claim a refund of past excess profits tax payments.

The four percentage point cut in combined normal and surtax rates will be reflected in the special graduated rates for companies with incomes of less than $50,000.

All the reduction was made in the surtax, cutting it from 16% to 12%. The normal tax remains unchanged at 24%.

By making the cut in the surtax the committee improved the position of so-called partially exempt Government bonds. Interest from these bonds is fully exempt from normal taxes and subject only to surtaxes. Thus, corporate income derived from these bonds gets the benefit of a 25% reduction—the cut from 16% to 12% in the surtax rate.

There was no indication whether Chairman George of the Senate Finance Committee will call the bill before his group in advance of the time it passes the House.

The Administration's tax program was given in the text of Mr. Vinson's message to the Ways and Means Committee carried in the "Chronicle" Oct. 4, page 1569, while a reference to the House committee's action on Mr. Vinson's plan appeared on page 1605.

Labor-Management Charter Ratified

Announcement has been made of final ratification of the labor-management charter to promote industrial peace, and of formation of a national committee "to promote an understanding and sympathetic acceptance" of its principles, the Associated Press reported from Washington, May 30.

In a joint statement, William Green, American Federation of Labor president; Philip Murray, Congress of Industrial Organizations president, and Eric Johnston, president of the Chamber of Commerce of the United States, said the committee, to meet in Washington, June 11, was now being organized.

In their statement, the three called attention to section four of the charter which specifies "the fundamental rights of labor to organize and to engage in collective bargaining with management shall be recognized and preserved, free from legislative enactment which would interfere with or discourage these objectives."

Daily Average Crude Oil Production for Week Ended Sept. 29, 1945 Decreased 170,100 Bbls.

The American Iron and Steel Institute estimates that the daily average gross crude oil production for the week ended Sept. 29, 1945, was 4,357,450 barrels, a decrease of 170,100 barrels per day from the preceding week. This sharp decline was caused largely by the oil strikes in the northern and southern areas of the Middle West, output in Texas falling off 102,100 barrels per day. The current figure was also 404,850 barrels per day below that for the corresponding week of 1944, and showed a decrease of 215,450 barrels when compared with the daily average figure as recommended by the Petroleum Administration for War for the month of September, 1945. Daily output for the four weeks ended Sept. 29, 1945, averaged 4,485,300 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,812,000 barrels of crude oil daily and produced 11,913,000 barrels of gasoline; 1,278,000 barrels of kerosine; 3,940,000 barrels of distillate fuel, and 7,047,000 barrels of residual fuel oil during the week ended Sept. 29, 1945; and had in storage at the end of that week 48,204,000 barrels of civilian grade gasoline; 31,348,000 barrels of military and other gasoline; 14,499,000 barrels of kerosine; 43,689,000 barrels of distillate fuel, and 46,853,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations September	*State Allowables Begin. Sept. 1	Actual Production			
			Week Ended Sept. 29, 1945	Change from Previous Week	4 Weeks Ended Sept. 29, 1945	Week Ended Sept. 30, 1944
Oklahoma	380,000	388,000	†391,300	— 3,300	392,450	343,400
Kansas	274,000	269,400	†272,500	— 950	268,700	277,600
Nebraska	1,000	----	†900	+ 50	850	900
Panhandle Texas			88,000	----	88,000	98,700
North Texas			141,900	----	141,900	147,750
West Texas			413,200	— 36,800	441,300	504,050
East Central Texas			112,100	— 16,350	124,350	149,800
East Texas			315,300	----	315,300	370,950
Southwest Texas			267,550	— 24,100	286,750	341,750
Coastal Texas			442,850	— 24,850	461,500	543,050
Total Texas	1,978,000	‡1,973,041	1,780,900	—102,100	1,859,100	2,156,050
North Louisiana			70,850	— 950	71,100	73,000
Coastal Louisiana			292,000	----	292,000	288,400
Total Louisiana	350,000	394,600	362,850	— 950	363,100	361,400
Arkansas	75,000	78,642	76,350	— 1,650	78,000	80,800
Mississippi	47,000		52,550	+ 1,500	53,250	48,950
Alabama	500		200	— 50	600	300
Florida	----		150	— 50	150	50
Illinois	200,000		181,800	— 20,550	197,950	210,500
Indiana	13,000		12,850	— 350	13,500	13,550
Eastern— (Not incl. Ill., Ind., Ky.)	66,200		65,950	+ 2,550	63,300	69,650
Kentucky	28,000		29,200	— 350	28,900	28,750
Michigan	47,000		41,200	— 3,900	46,550	49,350
Wyoming	93,200		96,250	— 11,800	106,200	100,300
Montana	22,000		20,300	+ 200	20,150	22,400
Colorado	12,000		14,600	+ 2,400	12,000	8,650
New Mexico	100,000	100,000	95,300	— 9,000	102,850	106,200
Total East of Calif.	3,686,900		3,495,150	—148,300	3,607,600	3,878,800
California	886,000	§886,000	862,300	— 21,800	877,700	883,500
Total United States	4,572,900		4,357,450	—170,100	4,485,300	4,762,300

*PAW recommendations and State allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Sept. 26, 1945.

‡This is the net basic allowable as of Sept. 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 5 to 16 days, the entire State was ordered shut down for 5 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 5 days' shutdown time during the calendar month.

§Recommendations of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED SEPT. 29, 1945

(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	% Daily Refining Capacity Reporting	Crude Runs to Stills		§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	‡Gasoline Stocks	
		Daily Average	% Operated				Military and Other	Civilian Grade
East Coast	99.5	704	89.0	1,793	15,093	7,788	4,960	9,453
Appalachian—								
District No. 1	76.8	90	61.6	315	885	249	1,248	1,353
District No. 2	81.2	22	44.0	82	143	214	138	317
Ind., Ill., Ky.	87.2	483	56.4	1,642	6,097	3,282	4,481	11,855
Okla., Kan., Mo.	78.3	393	83.8	1,380	2,762	1,291	1,411	5,608
Inland Texas	59.8	233	70.6	941	441	984	897	1,651
Texas Gulf Coast	89.3	480	38.8	1,739	5,427	5,217	8,088	6,263
Louisiana Gulf Coast	96.8	294	113.1	914	1,608	1,045	1,560	2,362
No. La. & Arkansas	55.9	75	59.5	209	467	273	120	2,170
Rocky Mountain—								
District No. 3	17.1	13	100.0	36	20	35	15	75
District No. 4	72.1	119	74.8	360	465	688	422	1,102
California	87.3	906	90.9	2,502	10,281	25,787	7,958	4,955
Total U. S. B. of M. basis Sept. 29, 1945	85.8	3,812	70.1	11,913	43,689	46,853	*31,348	48,204
Total U. S. B. of M. basis Sept. 22, 1945	85.8	4,499	82.8	14,545	43,620	47,601	32,745	50,156
U. S. B. of M. basis Sept. 30, 1944		4,825		14,742	43,592	64,256	36,894	40,014

*Includes aviation and military gasoline, finished and unfinished, title to which still remains in the name of the producing company; solvents, naphthas, blending stocks currently indeterminate as to ultimate use, and 9,486,000 barrels unfinished gasoline this week, compared with 11,992,000 barrels a year ago. These figures do not include any gasoline on which title has already passed, or which the military forces may actually have in custody in their own or leased storage. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,278,000 barrels of kerosine, 3,940,000 barrels of gas oil and distillate fuel oil and 7,047,000 barrels of residual fuel oil produced during the week ended Sept. 29, 1945, which compares with 1,570,000 barrels, 4,589,000 barrels and 7,928,000 barrels, respectively, in the preceding week and 1,434,000 barrels, 4,496,000 barrels and 9,211,000 barrels, respectively, in the week ended Sept. 30, 1944.

Note—Stocks of kerosine at Sept. 29, 1945 amounted to 14,499,000 barrels, as against 14,237,000 barrels a week earlier and 14,683,000 barrels a year before.

Steel Output Again Declines—Deliveries Further Extended—Net Order Volume Lower

"Steel price adjustments to compensate for cost factors other than any wage increase which may be granted in the steel industry have practically been decided upon by OPA, states "The Iron Age," in its issue of today (Oct. 11), which further adds: "It was said that the announcement of price increases in the steel industry is being held up pending a clearer view of what the industry faces in the way of increased wage costs. Such costs if they come are not included in the decisions already reached with regard to probable steel price increases slated for the near future. Steel makers, it was said, were not able to obtain anywhere near the relief for which they had asked. Any wage increase will result in demands for additional price adjustments. it was said.

"Barring unforeseen events price increases on many carbon steel products may be announced within the next 30 days or so. On an overall basis the adjustment may average out between $2 and $2.25 a ton. Higher increases will be made on items showing the greatest loss or the least return, while lower adjustments or none at all will involve products on which the return is considered to be almost enough or enough. Should advances be made on semi-finished steel, as is expected, corresponding increases will be made on some flat-rolled products to an extent which will enable small nonintegrated producers to obtain relief.

"Because of coal strikes the steel ingot rate for the industry this week has again declined and if the mine deadlock continues, further reduction is indicated for next week.

"The opportunity of steel companies to catch up on some of their orders while consumers make last minute progress on reconversion changes has been severely curtailed this week by coal strikes and their effects on steel production. Steel industry coal supplies never were at a healthy level during the past few years and the shutdown of coal mines in western Pennsylvania because of labor difficulties means not only an immediate curtailment in steel production but recurring declines in the future.

"Normally steel companies should be obtaining as large an inventory of coal as possible at this time in order to offset subsequent severe weather conditions. If the latter materializes this winter, many steel companies will again be forced to operate at a lower rate than would otherwise be necessary.

"Even though net steel order volume is somewhat lower in recent weeks due to additional cancellations, lower operating rates have tended to extend deliveries much farther into the future. There is no longer any doubt that the tightness in many steel products especially flat rolled items will cause many steel consumers to revise their more optimistic plans for production of civilian products. Whether or not this difficulty in obtaining bars, sheets and strip will be prolonged depends entirely upon the course of present labor difficulties.

"War expansion in steel facilities and the introduction of new products has enabled Canada to attain almost complete independence of the United States with regard to steel supply. Before the war the Canadian automotive industry imported practically all sheets used in the manufacture of automobiles there, as well as a large percentage of castings. These export potentialities will be drastically changed upon completion of the new sheet and strip mill unit at the Hamilton works of the Steel Co. of Canada."

The American Iron and Steel Institute on Oct. 8 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 73.5% of capacity for the week beginning Oct. 8, compared with 79.7% one week ago, 80.3% one month ago and 96.9% one year ago. The current rate represents a decrease of 6.2 points or 7.8% from the preceding week. The operating rate for the week beginning Oct. 8 is equivalent to 1,346,300 tons of steel ingots and castings, compared to 1,459,800 tons one week ago, 1,470,800 tons one month ago, and 1,743,200 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets on Oct. 8, stated in part as follows:

"Although steel demand still is heavy, increasing labor disturbances spread widely over the country have a definitely deterring effect on buyers.

"In addition to a greater number of suspensions by steel consumers because of strikes in their own organizations or in others on which they are dependent for supplies and services, greater caution is being shown by many buyers in making future commitments, pending possible clarification in general wage policies during the next several weeks, possibly as a result of management-labor conferences early in November.

"Caution is being exhibited not only by consuming manufacturers but in even greater degree by building contractors, who want a much clearer idea than they have at present as to what labor costs will be six to nine months from now. They also need more definite assurances as to deliveries of materials than are possible under present disturbed conditions.

"Steel production, as well as demand, also is being adversely affected, a major threat at the moment being increasing disturbances in the soft coal industry. Some large steel producers have less than a week's supply of coal on hand and more blast furnaces are being forced to suspend. Consumers of foundry coke are being given drastic cuts in coke shipments. A large eastern by-product coke producer has been compelled to reduce foundry shipments 50%, at a time when foundry labor supply was beginning to show some improvement.

"The poor outlook in pig iron production has given some strength to scrap, which in some instances recently showed some easing. However, should steel ingot production be sharply reduced, with much dependent on oil workers' reaction to Government control of plants, some strength in scrap might be lost.

"In spite of these adverse factors demand for steel is active and there is increasing disposition among producers to put customers on a quota basis to assure all a reasonable fair share of available material. This is noted particularly in sheets, where pressure is heaviest. Many mills, however, are booked so far ahead that such rationing will not be felt for some time. Some producers set up their schedules on such a basis shortly after the end of the war and in some cases have not yet formally opened books for first quarter, although assuring regular customers they will be given at least as much as they were allotted for the current quarter.

"Iron ore shipments in September, at 10,543,099 gross tons, is short by 785,930 tons of the movement in the corresponding months last year. Cumulative shipments to Oct. 1 totaled 61,671,771 tons, 4,231,413 tons less than to the same date last year."

Snyder's Plan for Ship Disposal Opposed

The National Federation of American Shipping, Inc., is strongly opposed to the recommendations made recently by Reconversion Director Snyder for the disposal of the $15,000,000,000 merchant fleet built during the war, according to a special dispatch from Washington, to the New York "Times," Oct. 3. Through its President, Almon E. Roth, the Federation, which comprises practically all American-flag ship owners, contended that Mr. Snyder was advocating measures which would favor foreign shipping at a time when many new countries were about to join in the race for foreign trade. He mentioned Soviet Russia as one which had developed a sudden interest in a merchant marine. The "Times" further said.

Mr. Snyder's views on the merchant fleet were embodied in a letter which he wrote on Sept. 27 to the Senate Commerce Commission, recommending changes in the Ship Sales Bill. He wrote:

"In general, may I urge upon the Committee the desirability of looking at the ship disposal problem as part of the overall question of international trade and commerce and foreign policy.

"This bill is conceived too narrowly. We live in a world in which our own safety and prosperity are directly dependent on the maintenance of friendly relations with other countries and on their economic progress as well as our own."

One of Mr. Snyder's recommendations, to which Mr. Roth took strong exception, would eliminate from the ship sales bill a clause which gives American ship operators first option for the purchase of fast ships for a six-month period.

Farley Named Head of Foreign Trade Group

Acceptance by James A. Farley, former Postmaster General of the United States, of an invitation to serve as Chairman of the New York Convention Committee of the Thirty-second National Foreign Trade Convention was announced on Oct. 8 by Eugene P. Thomas, President of the National Foreign Trade Council. Mr. Farley, a director of the Council, is Chairman of the board of The Coca-Cola Export Sales Company.

Concerning the convention, which will be held at the Waldorf-Astoria in New York, November 12, 13 and 14, the new Committee Chairman prepared the following statement:

"A war-torn world which has directed for long years all thought and energy to the problems of military effort and which has had too little time to spare for constructive policies is now finding again before it the arduous and more complex tasks of peace. We shall not succeed in binding up the wounds of the world, in meeting the long unsatisfied needs of its peoples and in eliminating the root causes of war unless we establish America's commercial relationships with the world on mutually advantageous policies and with a long-range viewpoint. The Thirty-second National Foreign Trade Convention held at this time should be in a position to make a constructive contribution to the formulation of such a program."

Serving with Mr. Farley as Vice-Chairman of the New York Convention Committee are: John B. Glenn, President of the New York Board of Trade; Leroy A. Lincoln, President of the Chamber of Commerce of the State of New York, and Allan M. Pope, President of the Commerce and Industry Association of New York.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate rate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Oct. 9	122.81	116.22	120.84	119.00	116.22	109.24	112.37	116.22	120.02
8	122.78	116.22	120.84	118.80	116.22	109.24	112.37	116.22	120.02
6	122.72	116.22	120.84	119.00	116.22	109.24	112.37	116.22	120.02
5	122.56	116.22	120.84	119.00	116.22	109.24	112.37	116.22	120.02
4	122.42	116.02	120.84	119.00	116.02	109.06	112.37	116.22	120.02
3	122.41	116.02	120.84	119.00	116.02	108.88	112.19	116.22	120.02
2	122.31	116.02	120.84	118.80	115.82	108.88	112.19	116.02	119.82
1	122.25	116.02	120.63	118.80	116.02	108.88	112.19	116.02	119.82
Sept. 28	122.19	116.02	120.84	118.80	115.82	108.88	112.19	116.02	119.82
21	121.97	115.82	120.43	118.80	116.02	108.88	112.19	116.02	119.61
14	121.98	116.02	120.84	118.80	116.02	108.70	112.19	116.22	119.61
7	122.03	116.02	120.63	119.20	116.22	108.52	112.37	116.02	119.61
Aug. 31	122.09	116.02	120.84	119.00	116.22	108.52	112.56	116.02	119.41
24	121.91	115.82	120.63	119.00	116.02	108.16	112.56	115.63	119.41
17	121.91	115.82	120.84	119.00	116.22	108.16	112.56	115.82	119.41
10	122.14	116.02	121.04	119.20	116.02	108.34	112.93	115.82	119.41
3	122.36	115.82	120.84	119.20	116.02	108.16	112.93	115.82	119.00
July 27	122.39	115.82	120.84	119.20	115.82	108.16	112.93	115.63	119.00
20	122.80	116.02	121.04	119.41	116.02	108.34	112.93	115.63	119.41
13	122.89	116.22	121.04	119.61	116.22	108.34	113.31	115.63	119.61
6	122.92	116.02	121.04	119.41	116.02	108.16	112.93	115.63	119.61
June 29	122.93	116.02	121.04	119.20	116.02	108.16	112.93	115.43	119.41
May 25	122.29	115.43	120.63	118.80	115.43	107.44	112.19	114.85	119.20
Apr. 27	122.38	115.24	120.84	118.40	115.04	107.09	112.19	114.27	119.20
Mar. 31	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
Feb. 23	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
High 1945	123.05	116.22	121.04	119.61	116.22	109.24	113.31	116.22	120.02
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20
1 Year Ago									
Oct. 9, 1944	119.52	112.75	118.60	117.00	112.75	103.30	107.09	114.08	117.20
2 Years Ago									
Oct. 9, 1943	120.56	110.88	119.00	116.41	111.07	98.73	103.13	113.89	116.41

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate rate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Oct. 9	1.57	2.84	2.61	2.70	2.84	3.21	3.04	2.84	2.65
8	1.57	2.84	2.61	2.71	2.84	3.21	3.04	2.84	2.65
6	1.58	2.84	2.61	2.70	2.84	3.21	3.04	2.84	2.65
5	1.59	2.84	2.61	2.70	2.84	3.21	3.04	2.84	2.65
4	1.60	2.85	2.61	2.70	2.85	3.22	3.04	2.84	2.65
3	1.60	2.85	2.61	2.70	2.85	3.23	3.05	2.84	2.65
2	1.61	2.85	2.61	2.71	2.86	3.23	3.05	2.85	2.66
1	1.61	2.85	2.62	2.71	2.85	3.23	3.05	2.85	2.66
Sept. 28	1.63	2.85	2.61	2.71	2.86	3.23	3.05	2.85	2.66
21	1.65	2.86	2.63	2.71	2.85	3.23	3.05	2.85	2.67
14	1.66	2.85	2.61	2.71	2.85	3.24	3.05	2.84	2.67
7	1.65	2.85	2.62	2.69	2.84	3.25	3.04	2.85	2.67
Aug. 31	1.65	2.85	2.61	2.70	2.84	3.25	3.03	2.85	2.68
24	1.67	2.86	2.62	2.70	2.85	3.27	3.03	2.87	2.68
17	1.67	2.86	2.61	2.70	2.84	3.27	3.03	2.86	2.68
10	1.65	2.85	2.60	2.69	2.85	3.26	3.01	2.86	2.68
3	1.64	2.86	2.61	2.69	2.85	3.27	3.01	2.86	2.70
July 27	1.64	2.86	2.61	2.69	2.86	3.27	3.01	2.87	2.70
20	1.60	2.85	2.60	2.68	2.85	3.26	3.01	2.87	2.68
13	1.60	2.84	2.60	2.67	2.84	3.26	2.99	2.87	2.67
6	1.60	2.85	2.60	2.68	2.85	3.27	3.01	2.87	2.67
June 29	1.60	2.85	2.60	2.69	2.85	3.27	3.01	2.88	2.68
May 25	1.64	2.88	2.62	2.71	2.88	3.31	3.05	2.91	2.69
Apr. 27	1.63	2.89	2.61	2.73	2.90	3.33	3.05	2.94	2.69
Mar. 31	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.57	2.84	2.60	2.67	2.84	3.21	2.99	2.84	2.65
1 Year Ago									
Oct. 9, 1944	1.85	3.02	2.72	2.80	3.02	3.55	3.33	2.95	2.79
2 Years Ago									
Oct. 9, 1943	1.80	3.12	2.70	2.83	3.11	3.83	3.56	2.96	2.83

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Electric Output for Week Ended Oct. 6, 1945 7.9% Below That for Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Oct. 6, 1945, was approximately 4,028,286,000 kwh., which compares with 4,375,079,000 kwh. in the corresponding week a year ago, and 4,038,542,000 kwh. in the week ended Sept. 29, 1945. The output for the week ended Oct. 6, 1945 was 7.9% below that for the same week in 1944.

PERCENTAGE DECREASE UNDER SAME WEEK LAST YEAR

Major Geographical Divisions—	Week Ended Oct. 6	Sept. 29	Sept. 22	Sept. 15
New England	3.1	3.5	4.4	*0.3
Middle Atlantic	3.9	2.6	4.2	3.7
Central Industrial	11.4	11.0	12.3	11.9
West Central	1.0	0.6	2.0	*0.6
Southern States	11.1	9.7	10.6	4.1
Rocky Mountain	*1.6	*3.3	*3.1	1.3
Pacific Coast	6.0	8.1	5.9	7.9
Total United States	7.9	7.5	8.2	6.6

*Increase over similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
July 7	3,978,426	3,940,854	+ 1.0	3,919,398	1,415,704	1,711,625
July 14	4,295,254	4,377,152	— 1.9	4,184,143	1,433,903	1,727,225
July 21	4,384,547	4,380,930	+ 0.1	4,196,357	1,440,386	1,732,031
July 28	4,434,841	4,390,762	+ 1.0	4,226,705	1,426,986	1,724,728
Aug. 4	4,432,304	4,399,433	+ 0.7	4,240,638	1,415,122	1,729,667
Aug. 11	4,395,337	4,415,368	— 0.5	4,287,827	1,431,910	1,733,110
Aug. 18	3,939,195	4,451,076	—11.5	4,264,824	1,436,440	1,750,056
Aug. 25	4,116,049	4,418,298	— 6.8	4,322,195	1,464,700	1,761,594
Sept. 1	4,137,313	4,414,735	— 6.3	4,350,511	1,423,977	1,674,588
Sept. 8	3,909,408	4,227,900	— 7.5	4,229,262	1,476,442	1,806,259
Sept. 15	4,106,187	4,394,839	— 6.6	4,358,512	1,490,863	1,792,131
Sept. 22	4,018,913	4,377,333	— 8.2	4,359,610	1,499,459	1,777,854
Sept. 29	4,038,542	4,365,907	— 7.5	4,359,003	1,505,216	1,819,276
Oct. 6	4,028,286	4,375,079		4,341,754	1,507,503	1,806,403
Oct. 13	------	4,354,575		4,382,260	1,528,145	1,798,633
Oct. 20	------	4,345,352		4,415,405	1,533,028	1,824,160
Oct. 27	------	4,358,293		4,452,592	1,525,410	1,815,749

National Fertilizer Association Commodity Price Index Makes Fractional Gain

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Oct. 8 advanced fractionally to 140.1 for the week ended Oct. 6, 1945, from 139.9 for the preceding week. A month ago the index stood at 139.8, and a year ago at 139.5 all based on the 1935-1939 average as 100. The Association's report issued on Oct. 8 went on to say:

Three of the composite groups of the index advanced during the latest week and the remaining group of the index remained unchanged. The greatest gains took place in the farm products group with the three subgroups of this index sharing in the advance. The cotton index advanced to a new all-time peak. Most grains were up and took the grains index back to its highest point, which was previously reached June 2, 1945. The livestock index advanced with the lower prices for poultry not sufficient to offset the higher quotations for cattle, lambs and sheep. The foods index advanced fractionally because of higher egg prices in spite of lower quotations for potatoes and dressed fowl. The textiles index advanced slightly to a new all-time peak.

During the week nine price series in the index advanced and three declined; in the preceding week 13 advanced and six declined; in the second preceding week 10 advanced and seven declined.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Oct. 6, 1945	Preceding Week Sep. 29, 1945	Month Ago Sep. 8, 1945	Year Ago Oct. 7, 1944
25.3	Food	141.0	140.9	142.0	142.5
	Fats and Oils	145.2	145.2	145.2	145.1
	Cottonseed Oil	163.1	163.1	163.1	163.1
23.0	Farm Products	166.3	164.9	164.3	165.5
	Cotton	216.8	213.1	214.6	206.6
	Grains	164.8	162.9	157.7	162.1
	Livestock	158.9	157.9	158.1	160.5
17.3	Fuels	129.7	129.7	129.9	130.1
10.8	Miscellaneous Commodities	132.8	132.8	132.8	132.2
8.2	Textiles	159.0	158.5	157.1	155.5
7.1	Metals	109.6	109.6	108.9	104.1
6.1	Building Materials	154.7	154.7	153.8	154.0
1.3	Chemicals and Drugs	125.8	125.8	125.8	126.1
.3	Fertilizer Materials	118.3	118.3	118.3	118.3
.3	Fertilizers	119.9	119.9	119.9	119.9
.3	Farm Machinery	104.9	104.9	104.8	104.7
100.0	All groups combined	140.1	139.9	139.8	139.5

*Indexes on 1926-1928 base were: Oct. 6, 1945, 109.1; Sept. 29, 1945, 109.0 and Oct. 7, 1944, 108.7.

Moody's Common Stock Yields

For yields in prior years see the following back issues of the "Chronicle": 1941 yields (also annually from 1929), Jan. 11, 1942, page 2218; 1942 levels, Jan. 14, 1943, page 202; 1943 yields, March 16, 1944, page 1130; 1944 yields, Feb. 1, 1945, page 558.

MOODY'S WEIGHTED AVERAGE YIELD OF 200 COMMON STOCKS

	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
January, 1945	4.4	6.3	5.2	3.3	3.6	4.6
February, 1945	4.2	5.9	5.0	3.3	3.4	4.3
March, 1945	4.4	6.2	5.1	3.6	3.5	4.6
April, 1945	4.1	5.5	4.8	3.4	3.4	4.3
May, 1945	4.1	5.5	4.7	3.4	3.3	4.2
June, 1945	4.1	5.3	4.6	3.3	3.4	4.2
July, 1945	4.1	5.6	4.5	3.4	3.4	4.3
Aug., 1945	3.9	5.7	4.5	3.4	3.4	4.1
Sept., 1945	3.8	5.3	4.3	3.4	3.3	3.9

Freezing Controls on France Almost Ended

France has been almost completely released from the Treasury Department's freezing controls, Secretary Vinson declared on Oct. 4. At the same time the Secretary announced the lifting of the Treasury's import and export controls over checks, drafts, bills of exchange and other payment instructions being sent to or from blocked countries. The Treasury Department's announcement also said:

As a result of these two major steps in the Treasury's defrosting program there are no freezing restrictions on current transactions with France. Trade between France and any unblocked country may now be freely financed through the United States. Remittances may be made to France in unlimited amounts, for any purpose, and through any available channels, including the sending of checks, drafts, or money orders. Powers of attorney and proxies may be freely sent to France. Securities may be exported to France although the importation into the United States of most securities continues to be controlled under General Ruling No. 5 in order to preclude the disposal of loot in our markets.

To prevent the release of property in the United States which is held in French names, but is actually enemy owned, all assets in which persons in France have an interest will remain frozen until the Government of France has had an opportunity to check the beneficial ownership. Once the French Government certifies that such assets are in fact French owned, they will also be released from the freezing controls. In the meantime such assets may be supervised and managed by their owners.

Assets belonging to French nationals who are not within France or any other blocked country are effectively unblocked without certification except that property belonging to corporations and other organizations wherever located which are owned by persons in France will continue to be blocked until certified by the French Government.

It was added that "Secretary Vinson has been informed by French Minister of Finance Pleven that American property in France will immediately be unblocked and that French exchange control restrictions on transfers between France and the United States will be liberalized." The Treasury Department further said:

This orderly defrosting was made possible by the successful conclusion of negotiations between the Treasury Department and the French Ministry of Finance. In a letter to Secretary Vinson Finance Minister Pleven has expressed his conviction that United States freezing controls have "effectively prevented the enemy from looting French assets in the United States during the war to the great detriment of the common enemy and to the advantage of the French people."

In order that all interested persons may be fully informed of the understanding with respect to defrosting, Secretary Vinson today released the complete text of the letters exchanged with M. Pleven.

Similar negotiations are under way with other liberated countries. It is anticipated that defrosting programs for such countries will shortly be announced.

The above changes result from the issuance of General License No. 92 and the extensive amendment of General Ruling No. 5A. Treasury officials pointed out that as a result of the change in the Ruling checks and drafts other than those which prior to V-J Day have been within enemy territory, or territory which has been occupied by the enemy, may again be freely imported into the United States. Such items may also be collected and paid if licensed by the Treasury. While the freezing Order prohibits the exportation of checks, drafts, or securities to blocked countries, these items may now be exported to any blocked country, such as France, to which a general license has been granted covering their exportation.

The continuation of the prohibition against the collection or payment of checks and drafts which prior to V-J Day have been within enemy territory or territory which has been occupied by the enemy will render valueless any such instruments which have been issued under duress or otherwise looted by the aggressor nations. The Treasury announced that its policy will be to refuse to license the collection or payment of such items. It was pointed out however that the amendment to General Ruling 5A in general authorizes the return of such items to the foreign sender provided they are stamped to indicate that their payment is prohibited under the General Ruling.

Purchase Site for New Beekman Street Hospital

The purchase of a site for the new $2,750,000 modern Beekman-Downtown Hospital was announced on October 5 by Elisha Walker, Chairman of the hospital board. The property is a plot of approximately 30,000 square feet covering the full frontage of William Street between Beekman and Spruce Streets. William C. Langley, Chairman of the Building Fund, is confident that the selection of this site, which has been approved by the Hospital Council of the City of New York, will be of tremendous value in securing the support necessary to reach a goal of $2,750,000 for a modern hospital, together with clinics and attendant facilities for the benefit of the daytime and resident population of lower Manhattan. Mr. Walker said:

"It is due to the cooperation of Charles F. Noyes that we were able to acquire this desirable location in the heart of the financial, insurance and industrial community of lower New York. Mr. Noyes has sold this property to us considerably below its assessed valuation of $605,000."

This property was acquired by Mr. Noyes a few years ago from the New York Telephone Company which had accumulated the parcels.

Moody's Daily Commodity Index

Tuesday, Oct. 2, 1945	259.8
Wednesday, Oct. 3	259.9
Thursday, Oct. 4	260.4
Friday, Oct. 5	260.7
Saturday, Oct. 6	260.8
Monday, Oct. 8	261.1
Tuesday, Oct. 9	260.8
Two weeks ago, Sept. 25	259.4
Month ago, Sept. 8	254.6
Year ago, Oct. 9, 1944	250.5
1944 High, Dec. 31	254.4
Low, Nov. 1	245.7
1945 High, Oct. 8	261.1
Low, Jan. 24	252.1

Trading on New York Exchanges

The Securities and Exchange Commission made public on Oct. 3 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Sept. 15, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Sept. 15 (in round-lot transactions) totaled 2,030,367 shares, which amount was 14.47% of the total transactions on the Exchange of 7,015,000 shares. This compares with member trading during the week ended Sept. 8 of 1,522,085 shares, or 13.70% of the total trading of 5,558,200 shares. On the New York Curb Exchange, member trading during the week ended Sept. 15 amounted to 475,490 shares or 13.07% of the total volume on that Exchange of 1,818,435 shares. During the week ended Sept. 8 trading for the account of Curb members of 413,900 shares was 12.96% of the total trading of 1,596,485 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 15, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	194,910	
‡Other sales	6,820,090	
Total sales	7,015,000	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	592,850	
Short sales	112,180	
‡Other sales	450,990	
Total sales	563,170	8.24
2. Other transactions initiated on the floor—		
Total purchases	182,100	
Short sales	16,800	
‡Other sales	166,480	
Total sales	183,280	2.60
3. Other transactions initiated off the floor—		
Total purchases	228,127	
Short sales	21,800	
‡Other sales	259,040	
Total sales	280,840	3.63
4. Total—		
Total purchases	1,003,077	
Short sales	150,780	
‡Other sales	876,510	
Total sales	1,027,290	14.47

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 15, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	35,060	
‡Other sales	1,783,375	
Total sales	1,818,435	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	140,770	
Short sales	13,360	
‡Other sales	137,425	
Total sales	150,785	8.02
2. Other transactions initiated on the floor—		
Total purchases	24,790	
Short sales	2,700	
‡Other sales	41,710	
Total sales	44,410	1.90
3. Other transactions initiated off the floor—		
Total purchases	52,980	
Short sales	12,200	
‡Other sales	49,555	
Total sales	61,755	3.15
4. Total—		
Total purchases	218,540	
Short sales	28,260	
‡Other sales	228,690	
Total sales	256,950	13.07
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	72,968	
Total purchases	72,968	
Total sales	74,245	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Civil Engineering Construction $74,731,000 For Week of October 4

Civil engineering construction volume totals $74,731,000 for the week, the third highest volume reported in 1945, according to reports to "Engineering News-Record." The week's total is 16% below the 1945 high of a week ago, but tops the corresponding 1944 week's total by 182%, and is 7% greater than the previous four-week moving average. The report issued on Oct. 4 added:

Private construction, though 13% under the five-year high of a week ago, is 1,703% above the volume for the 1944 week. Public construction is 25 and 36% lower, respectively, than a week ago and a year ago. Federal work declines 10% from last week, and is down 71% from last year. State and municipal work drops 30% from the preceding week's total, but is up 45% compared with a year ago.

The current week's construction brings 1945 volume to $1,570,985,000 for the 40-week period, a 12% increase over the $1,406,091,000 reported in 1944. Private construction, $621,738,000, is 111% higher than last year, but public construction, $949,247,000, is 15% lower as a result of the 25% decrease in federal work. State and municipal volume, $268,510,000, tops the 1944 period by 36%.

Civil engineering construction volumes for the current week, last week, and the 1944 week are:

	Oct. 4, 1945	Sept. 27 1945	Oct. 5, 1944
Total U. S. Construction	$74,731,000	$88,817,000	$26,530,000
Private Construction	59,974,000	69,218,000	3,326,000
Public Construction	14,757,000	19,599,000	23,204,000
State and Municipal	9,928,000	14,247,000	6,824,000
Federal	4,829,000	5,352,000	16,380,000

Commercial building volume reached its highest volume since the week of January 16, 1941, and industrial building was the highest reported in 1945, except for the five-year high of the preceding week. In addition to these two classes of work, sewerage, bridges, and streets and roads report increases over their totals for the corresponding 1944 week. Gains over a week ago are in sewerage, commercial buildings, public buildings, earthwork and drainage, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $316,000; sewerage, $1,156,000; bridges, $1,525,000; industrial buildings, $28,248,000; commercial building and large-scale private housing, $26,046,000; public buildings, $3,153,000; earthwork and drainage, $1,803,000; streets and roads, $4,762,000; unclassified construction, $7,722,000.

New capital for construction purposes for the week totals $23,023,000. It is made up of $16,523,000 in state and municipal bond sales, and $6,500,000 in corporate security issues. The week's financing brings 1945 volume to $1,672,259,000, a total 4% above the $1,615,470,000 reported for the 40-week 1944 period.

Proposed Engineering Construction Backlog Totals $23.7 Billions

The proposed construction backlog of identified and recorded engineering projects totals $23,672,516,000 for the period from Jan. 1, 1943 through Sept. 27, 1945 according to reports to "Engineering News-Record." Of this future construction backlog, $11,090,641,000, or 47% of the proposed reserve, have plans under way or completed, and on projects valued at $2,020,707,000 all financing arrangements have been completed.

Bankers' Dollar Acceptances Outstanding on August 31 $128,035,000

The volume of bankers' dollar acceptance outstanding on Aug. 31 amounted to $128,035,000, an increase of $11,318,000 from the July 31 total, according to the monthly acceptance survey issued Sept. 17 by the Federal Reserve Bank of New York. As compared with a year ago, the Aug. 31 total represents a gain of $18,403,000.

In the month-to-month comparison, domestic shipments, dollar exchange and those based on goods stored in or shipped between foreign countries were lower and imports, exports, domestic warehouse credits were higher, while in the yearly analysis all the items except exports and these based on goods stored in and shipped between foreign countries were lower in Aug., 1945 than a year ago.

The Reserve Bank's report follow:

MONTHLY ACCEPTANCE SURVEY

BANKERS DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Aug. 31, '45	July 31, '45	Aug. 31, '44
1 Boston	$17,322,000	$17,223,000	$17,444,000
2 New York	75,130,000	67,536,000	68,864,000
3 Philadelphia	9,126,000	8,814,000	7,013,000
4 Cleveland	2,286,000	1,199,000	2,546,000
5 Richmond	1,146,000	1,207,000	418,000
6 Atlanta	2,379,000	3,025,000	2,509,000
7 Chicago	4,674,000	3,348,000	3,420,000
8 St. Louis	247,000	273,000	907,000
9 Minneapolis	168,000	118,000	87,000
10 Kansas City	------	------	------
11 Dallas	530,000	528,000	106,000
12 San Francisco	15,027,000	13,446,000	6,318,000
Grand Total	$128,035,000	$116,717,000	$109,632,000

Increase for month $11,318,000 Increase for year $18,403,000

ACCORDING TO NATURE OF CREDIT

	Aug. 31, '45	July 31, '45	Aug. 31, '44
Imports	$91,034,000	$80,708,000	$74,856,000
Exports	9,729,000	9,021,000	10,215,000
Domestic shipments	9,333,000	10,087,000	8,670,000
Domestic warehouse credits	16,048,000	12,343,000	12,919,000
Dollar exchange	225,000	341,000	155,000
Based on goods stored in or shipped between foreign countries	1,606,000	4,217,000	2,817,000

BILLS HELD BY ACCEPTING BANKS

Own bills $50,248,000 Bills of others $50,265,000 Total $100,513,000

Increase for month $10,511,000

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES SEPT. 17, 1945

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	½	7/16
60	½	7/16
90	½	7/16
120	9/16	½
150	⅝	9/16
180	⅝	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since August, 1942:

	$		$		$
1942—		1943—		1944—	
Aug. 31	139,304,000	Sept. 30	117,016,000	Sept. 30	111,101,000
Sept. 30	123,494,000	Oct. 30	114,883,000	Oct. 31	114,953,000
Oct. 31	118,581,000	Nov. 30	111,289,000	Nov. 30	115,336,000
Nov. 30	116,067,000	Dec. 31	116,814,000	Dec. 30	128,944,000
Dec. 31	118,039,000				
1943—		1944—		1945—	
Jan. 30	119,682,000	Jan. 31	120,497,000	Jan. 31	129,743,000
Feb. 27	127,062,000	Feb. 29	134,772,000	Feb. 28	126,269,000
Mar. 31	129,818,000	Mar. 31	129,358,000	Mar. 31	127,512,000
Apr. 30	128,350,000	Apr. 29	125,566,000	Apr. 30	116,825,000
May 29	135,815,000	May 31	113,139,000	May 31	104,356,000
June 30	139,846,000	June 30	111,675,000	June 30	106,893,000
July 31	110,250,000	July 31	138,692,000	July 31	116,717,000
Aug. 31	130,244,000	Aug. 31	109,632,000	Aug. 31	128,035,000

Merge N. Y. Office of London "Financial Times" And "News"

Incident to the acquisition by the Financial News, Ltd., in London of controlling interest of the "Financial Times" of London, we are advised that by a resolution of the Board of Directors of the two companies, it was decided that the two newspapers be merged under the title: "The Financial Times incorporating the Financial News."

The advices to us Sept. 28 also stated that the merger would take place Oct. 1st. Hargreaves Parkinson, Editor of "The Financial News," is the Editor of the newly-expanded paper, which will combine the best editorial features of both dailies. We are further advised:

As both staffs are being taken over "The Financial Times" will dispose of an amount of talent and experience unrivaled in the history of British financial jouralism. The group of which Viscount Moore is Managing Director, includes also two subsidiaries: "The Banker" (Editor: M. Dacey) and "The Investors Chronicle" (Editor: J. Wincott). The Financial News Ltd. hold also a 50% part in The London Economist.

"The Financial Times" has set up temporary New York Offices at 30 Rockefeller Plaza (Suite 4436).

An item regarding the purchase of controlling interest in the "Financial Times" by the "Financial News" appeared in our issue of Aug. 2, page 546.

Patterson Sworn in as Secretary of War

On Sept. 27 Robert P. Patterson took the oath of office as Secretary of War. The former Under-Secretary, who was nominated to succeed Henry L. Stimson, resigned, was sworn in by Judge Learned Hand of the Second Circuit Court of Appeals. Mr. Patterson was a Judge on that court before the war. The appointment of Mr. Patterson as War Secretary was noted in our issue of Sept. 27, page 1493. The Senate confirmed the nomination on Sept. 25.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Oct. 3 a summary for the week ended Sept. 22 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Sept. 22, 1945

	Total For Week
Odd-Lot Sales by Dealers— (Customers' purchases)	
Number of orders	33,180
Number of shares	958,275
Dollar value	$37,555,486
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	237
*Customers' other sales	29,508
Customers' total sales	29,745
Number of Shares:	
Customers' short sales	7,903
*Customers' other sales	785,606
Customers' total sales	793,509
Dollar value	$30,758,900
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	200
†Other sales	162,590
Total sales	162,790
Round-Lot Purchases by Dealers—	
Number of shares	319,630

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Weekly Coal and Coke Production Statistics

The total production of bituminous coal and lignite in the week ended Sept. 29, 1945, as estimated by the United States Bureau of Mines, was 10,930,000 net tons, a decrease of 670,000 tons, or 5.8%, from the preceding week. Output in the corresponding week of 1944 amounted to 12,180,000 tons. For the period from Jan. 1, 1945 to Sept. 29, 1945, production amounted to 437,838,000 net tons, a decrease of 7.2% when compared with the 471,594,000 tons produced during the period from Jan. 1, 1944 to Sept. 30, 1944.

Production of Pennslyvania anthracite for the week ended Sept. 29, 1945, as estimated by the Bureau of Mines, was 1,230,000 tons, an increase of 88,000 tons (7.7%) over the preceding week. When compared with the corresponding week of 1944 there was a decrease of 91,000 tons, or 6.9%. The calendar year to date shows a decrease of 16.0% when compared with the corresponding period of 1944.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended, Sept. 29, 1945 showed a decrease of 200 tons when compared with the the output for the week ended Sept. 22, 1945; and was 48,500 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE
(In Net Tons)

	Week Ended			Jan. 1 to Date	
Bituminous coal & lignite:	Sept. 29, 1945	Sept. 22, 1945	Sept. 30 1944	*Sept. 29, 1945	Sept. 30, 1944
Total, including mine fuel	10,930,000	11,600,000	12,180,000	437,838,000	471,594,000
Daily average	1,822,000	1,933,000	2,030,000	1,913,000	2,029,000

*Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. antharcite—	‡Sept. 29, 1945	§Sept. 22, 1945	Sept. 30, 1944	Sept. 29, 1945	Sept. 30, 1944	Oct. 2, 1937
*Total incl. coll. fuel	1,230,000	1,142,000	1,321,000	40,834,000	48,616,000	38,042,000
†Commercial produc.	1,181,000	1,096,000	1,268,000	39,203,000	46,671,000	36,140,000
Beehive coke—						
United States total	67,800	68,000	116,300	4,314,600	5,544,900	2,649,200

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended		
State—	Sept. 22, 1945	Sept. 15, 1945	Sept. 23, 1944
Alabama	413,000	417,000	358,000
Alaska	5,000	6,000	6,000
Arkansas and Oklahoma	102,000	92,000	99,000
Colorado	136,000	135,000	155,000
Georgia and North Carolina	*	1,000	1,000
Illinois	1,483,000	1,411,000	1,355,000
Indiana	536,000	523,000	534,000
Iowa	37,000	39,000	55,000
Kansas and Missouri	149,000	122,000	169,000
Kentucky—Eastern	980,000	1,048,000	951,000
Kentucky—Western	377,000	402,000	375,000
Maryland	34,000	38,000	36,000
Michigan	2,000	3,000	4,000
Montana (bitum. & lignite)	78,000	78,000	89,000
New Mexico	30,000	30,000	33,000
North & South Dakota (lignite)	49,000	44,000	49,000
Ohio	752,000	804,000	689,000
Pennsylvania (bituminous)	2,680,000	2,875,000	2,978,000
Tennessee	134,000	141,000	135,000
Texas (bituminous & lignite)	2,000	3,000	2,000
Utah	121,000	120,000	130,000
Virginia	350,000	358,000	352,000
Washington	25,000	20,000	28,000
†West Virginia—Southern	1,933,000	2,130,000	2,047,000
‡West Virginia—Northern	953,000	1,145,000	1,155,000
Wyoming	179,000	190,000	181,000
§Other Western States	*	*	*
Total bituminous & lignite	11,600,000	12,175,000	11,966,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Wholesale Prices Increased 0.1% in Week Ended Sept. 29, Labor Dept. Reports

Commodity prices in primary markets averaged slightly higher (by 0.1%) during the week ended Sept. 29, according to the Bureau of Labor Statistics of the U. S. Department of Labor, which on Oct. 4 stated that higher prices for farm products, cotton goods and building materials more than offset declines for foods and petroleum products. At 105% of the 1926 average the general index was 0.2% below the level of four weeks ago and 1.2% above the corresponding week of last year, the Department said. It further reported:

Farm Products and Foods—Prices for farm products as a group were up 0.2% during the week because of price advances for grains and livestock, which more than offset declines for fresh fruits and vegetables and cotton. Quotations for livestock were higher as demand continued heavy and supplies remained below expectations. Live poultry prices declined. Oats, wheat and barley were higher with larger purchases for export and decreased supplies of Canadian grains. Sweetpotatoes declined sharply as the new crop came onto the market in large volume and apples and oranges were also lower. White potatoes continued to advance contraseasonally. Increases for eggs were more than usual at this time of year. Cotton quotations dropped. On the average farm products were 0.3% below a month ago and 1.5% above a year ago.

The group index for foods declined 0.4% during the week, chiefly because of the 2.2% decrease for fruits and vegetables. Powdered milk dropped sharply with reduced Army buying and oatmeal prices were much lower reflecting earlier price declines for oats. Wheat flour was fractionally lower. Average prices of foods have decreased 0.8% during the last four weeks to a level 0.8% above late September 1944.

Other Commodities—Prices of textile products rose 0.3% during the week, reflecting increased OPA ceilings for osnaburg and print cloth required under the Bankhead Amendment to the Stabilization Extension Act of 1944. Mercury quotations advanced with higher export demand, following the persistent declines of recent months. Prices of petroleum products were lower because of further adjustments to reduced OPA ceilings, while building materials were slightly higher. Average prices of all commodities other than farm products and foods were 0.2% below a month ago and 1.1% above last year.

The Labor Department also included the following notation in its report:

NOTE: During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) indexes for the past three weeks, for Sept. 1, 1945 and Sept. 30, 1944 and (2) percentage changes in subgroup indexes from Sept. 22, 1945 to Sept. 29, 1945.

WHOLESALE PRICES FOR WEEK ENDING SEPT. 29, 1945
(1926 = 100)

						Percentage changes to Sept. 29, 1945, from—		
Commodity Groups—	9-29 1945	9-22 1945	9-15 1945	9-1 1945	9-30 1944	9-22 1945	9-1 1945	9-30 1944
All commodities	105.0	104.9	104.7	105.2	103.8	+0.1	—0.2	+1.2
Farm products	124.7	124.5	123.6	125.1	122.8	+0.2	—0.3	+1.5
Foods	104.7	105.1	104.6	105.5	103.9	—0.4	—0.8	+0.8
Hides and leather products	118.6	118.6	118.6	118.6	116.5	0	0	+1.8
Textile products	99.9	99.6	99.4	99.1	98.5	+0.3	+0.8	+1.4
Fuel and lighting materials	84.4	84.5	84.4	85.5	83.7	—0.1	—1.3	+0.8
Metals and metal products	104.8	104.8	104.8	104.8	103.8	0	0	+1.0
Building materials	117.8	117.7	117.7	117.6	115.9	+0.1	+0.2	+1.6
Chemicals and allied products	95.3	95.3	95.3	95.3	94.9	0	0	+0.4
Housefurnishing goods	106.3	106.3	106.3	106.2	106.1	0	+0.1	+0.2
Miscellaneous commodities	94.6	94.6	94.6	94.6	93.4	0	0	+1.3
Raw materials	115.7	115.5	115.0	115.8	113.2	+0.2	—0.1	+2.2
Semimanufactured articles	95.9	95.7	95.7	95.4	94.3	+0.2	+0.5	+1.7
Manufactured products	101.8	101.8	101.8	102.1	101.1	0	—0.3	+0.7
All commodities other than farm products	100.6	100.6	100.6	100.8	99.6	0	—0.2	+1.0
All commodities other than farm products and foods	99.9	99.9	99.8	100.1	98.8	0	—0.2	+1.1

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM SEPT. 22, 1945 TO SEPT. 29, 1945

Increases

Livestock and poultry	1.5	Cement	0.2
Cotton goods	0.8	Paint and paint materials	0.2
Grains	0.7	Other building materials	0.1
Other foods	0.1		

Decreases

Fruits and vegetables	2.2	Cereal products	0.2
Other farm products	0.7	Dairy products	0.2
Petroleum and products	0.2		

Non-Ferrous Metals—Call for Lead Active—Copper and Zinc Sales Fair—Mercury Higher

"E. & M. J. Metal and Mineral Markets," in its issue of Oct. 4, stated:

"Demand for lead was active last week, with larger tonnages moving to manufacturers of pigments, tetraethyl lead, cables, and batteries. The price situation in lead was firm. Copper was in sufficient demand to absorb domestic production and a fairly large tonnage of foreign metal easily. Producers of zinc experienced a good volume of business in the grades used in die casting and galvanizing. Demand for silver at the higher price has moderated. Sales of quicksilver were larger than first reported, and the price advanced $2 per flask. Cadmium business was described as excellent." The publication further went on to say, in part, as follows:

Copper

Except for labor difficulties, consumption of copper in the United States now would be in excess of 100,000 tons a month, producers believe. Call for copper rom the wire and cable division has been quite active. Brass mills have been troubled with strikes, and their purchases have reflected a drop in production. WPB officials believe that under normal operating conditions brass mill production should level off at around 150,000,000 lb. monthly for a considerable period, owing to pent-up civilian needs. August production of brass mills was 175,725,000 lb., and July was 201,572,000 lb.

Lead

Sales of lead during the week that ended Oct. 3 totaled 7,884 tons, against 4,822 tons in the previous week. With important consumers in a position to obtain more lead in the Oct.-Dec, period, owing to recent action by WPB to ease the limitation order, the surplus now in the hands of the Government is expected to decline. The stockpile at the end of September totaled around 96,000 tons, and is likely to drop below 90,000 tons by the end of October.

Total receipts of lead in ore and scrap smelted in connection with ore by United States smelters came to 41,182 tons in August, against 42,344 tons in July, and 47,589 tons in August last year, the American Bureau of Metal Statistics reports.

Stocks of lead at United States smelters and refineries, in tons, according to the American Bureau of Metal Statistics:

	Sept. 1	Aug. 1
In ore, matte, and in process at smelters	87,858	74,605
In base bullion:		
Smelters and refineries	9,336	10,687
Transit to refineries	2,041	2,479
Process at refineries	13,941	13,420
Refined pig lead	31,208	35,514
Antimonial lead	9,102	5,631
Totals	153,486	*142,336

*Revised.

Zinc

Producers are not counting on continued purchases of domestic zinc during October by Metals Reserve, which implies that any surplus production from concentrates not owned by the Government will move into private stocks. So far, the demand for Special High Grade and Prime Western has been good, absorbing virtually all of current production. Call for the other grades, however, has been quiet. The position of foreign zinc is being studied for signs of any selling pressure in this market from that direction.

Aluminum

Within the next five years, the United States market as a whole will be consuming 1,250,000,000 lb of aluminum a year, or some five times the prewar average, Roy A. Hunt, President of the Aluminum Company of America, asserted in a radio address recently. Though steel and aluminum will often battle for the same piece of business, both metals make markets for each other, he declared. The steel industry will use aluminum as a deoxidizing agent in the production of steel, as a coating for thin sheets of steel, and as a covering of steel sheet to produce "plymetals," Mr. Hunt said.

Tin

The Senate Special Committee investigating the defense program has been looking into the tin situation. Testimony by those appearing before the committee brought out nothing that was new. Questions asked indicated that members of the committee were greatly concerned with the problem of postwar operation of the tin smelter at Texas City. Experts called tried to make it clear that the price of the metal in a free market establishes the value of the ore or concentrate. Also, the grade of the ore has an important bearing on the cost of recovering tin.

Conditions surrounding the tin market remain unchanged. Straits quality tin for shipment, in cents per pound, was nominally as follows:

	Oct.	Nov.	Dec.
Sept. 27	52.000	52.000	52.000
Sept. 28	52.000	52.000	52.000
Sept. 29	52.000	52.000	52.000
Oct. 1	52.000	52.000	52.000
Oct. 2	52.000	52.000	52.000
Oct. 3	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c. per pound.

Quicksilver

Buying of quicksilver that appeared as the price dropped to the $90 level in the preceding week was larger in volume than first estimated. Business placed disposed of the floating supply, and involved more than 1,200 flasks. This firmed the market in all directions, and in the last few days of the E. & M. J. week quotations covered a range of $95 to $99 per flask. San Francisco advices received on Oct. 3 reported light offerings at $95 per flask, Coast, and upward.

Export business accounted for a share of the business booked here recently. According to some observers, the New York price, for a time, was the lowest of all marketing centers, which attracted European buyers.

Silver

There were no new developments in the silver situation in the week that ended yesterday. The New York Official for foreign metal held at 70⅝c. throughout the week with domestic metal also at that level.

The London quotation was unchanged at 44d. an ounce troy, with the market quiet.

Confirm McGrath As Solicitor General

The U. S. Senate on Oct. 3 confirmed the nomination of J. Howard McGrath to be Solicitor General of the United States. The nomination was sent to the Senate by President Truman on Sept. 28. Mr. McGrath, Democratic third-term Governor of Rhode Island, was named to his new post to replace Charles Fahy, resigned. The New York "Times" correspondent, Lewis Wood, in reporting the announcement from Washington, Sept. 28 of the nomination, mentioned that Mr. McGrath's appointment, apparently held as a secret in close Administration circles, came as a surprise because it had been taken somewhat for granted that Governor Ellis Arnall of Georgia would be named to the post. Mr. Wood pointed out that it was Governor McGrath who seconded the nomination of Mr. Truman for the Vice-Presidency, and he is described as a personal friend of the President as well as of Postmaster General Hannegan and Attorney General Clark. Mr. Wood reports that Mr. Clark recommended the nominee largely on the strength of having done "a splendid job" as United States Attorney in Rhode Island in 1935-40. The "Times" report continued:

Governor McGrath, now 41 years old, was Vice Chairman of the State Democratic Committee 1928-30, Chairman, 1930-34, and was a delegate to the last four Democratic national conventions. He became Governor in 1940 when he defeated William H. Vanderbilt.

It is understood that he would assume the office of Solicitor General immediately upon Senate confirmation.

Revenue Freight Car Loadings During the Week Ended Sept. 29, 1945 Decreased 5,030 Cars

Loading of revenue freight for the week ended Sept. 29, 1945, totaled 832,263 cars, the Association of American Railroads announced on Oct. 4. This was a decrease below the corresponding week of 1944 of 80,364 cars, or 8.8%, and a decrease below the same week in 1943 of 78,381 cars or 8.6%.

Loading of revenue freight for the week of Sept. 29 decreased 5,030 cars, or 0.6% below the preceding week.

Miscellaneous freight loading totaled 361,651 cars, an increase of 7,349 cars above the preceding week, but a decrease of 55,765 cars below the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 110,510 cars, an increase of 2,651 cars above the preceding week and an increase of 589 cars above the corresponding week in 1944.

Coal loading amounted to 165,407 cars, a decrease of 6,960 cars below the preceding week, and a decrease of 14,462 cars below the corresponding week in 1944.

Grain and grain products loading totaled 53,912 cars, a decrease of 1,712 cars below the preceding week but an increase of 3,900 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of Sept. 29 totaled 38,206 cars, a decrease of 1,982 cars below the preceding week but an increase of 4,927 cars above the corresponding week in 1944.

Livestock loading amounted to 23,212 cars, an increase of 1,484 cars above the preceding week and an increase of 285 cars above the corresponding week in 1944. In the Western Districts alone loading of live stock for the week of Sept. 29 totaled 19,034 cars, an increase of 1,205 cars above the preceding week, and an increase of 963 cars above the corresponding week in 1944.

Forest products loading totaled 37,756 cars, a decrease of 3,076 cars below the preceding week and a decrease of 7,102 cars below the corresponding week in 1944.

Ore loading amounted to 68,333 cars, a decrease of 4,021 cars below the preceding week and a decrease of 5,086 cars below the corresponding week in 1944.

Coke loading amounted to 11,482 cars, a decrease of 745 cars below the preceding week, and a decrease of 2,723 cars below the corresponding week in 1944.

All districts reported decreases compared with the corresponding week in 1944. All reported decreases compared with 1943 except the Pocahontas.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
5 Weeks of March	4,018,627	3,916,037	3,845,547
4 Weeks of April	3,374,438	3,275,846	3,152,879
4 Weeks of May	3,452,977	3,441,616	3,363,195
5 weeks of June	4,364,662	4,338,886	4,003,393
4 Weeks of July	3,378,266	3,459,830	3,455,328
4 Weeks of August	3,240,175	3,576,269	3,554,694
Week of September 1	860,439	897,603	901,075
Week of September 8	730,628	825,166	834,670
Week of September 15	856,105	891,486	902,766
Week of September 22	837,293	897,883	907,311
Week of September 29	832,263	912,627	910,644
Total	31,997,114	32,746,065	31,797,865

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Sept. 29, 1945. During this period 45 roads reported gains over the week ended Sept. 30, 1944.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED SEPT. 29

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	333	322	250	1,321	1,513
Bangor & Aroostook	1,587	1,376	1,347	482	534
Boston & Maine	7,354	6,996	7,114	12,403	14,539
Chicago, Indianapolis & Louisville	1,100	1,236	1,426	1,985	2,132
Central Indiana	27	37	36	50	29
Central Vermont	1,153	1,114	1,074	2,434	2,567
Delaware & Hudson	5,044	5,011	6,263	10,244	12,556
Delaware, Lackawanna & Western	7,608	8,431	7,569	*8,899	10,425
Detroit & Mackinac	314	402	270	135	130
Detroit, Toledo & Ironton	1,172	2,030	1,959	1,048	1,277
Detroit & Toledo Shore Line	355	343	353	2,326	2,679
Erie	11,812	14,568	14,025	15,064	17,178
Grand Trunk Western	3,384	4,107	3,993	7,857	8,250
Lehigh & Hudson River	211	153	222	2,376	2,372
Lehigh & New England	2,447	2,311	2,024	1,449	1,632
Lehigh Valley	8,600	8,833	8,957	8,286	12,370
Maine Central	2,627	2,494	2,397	3,297	3,764
Monongahela	2,808	6,490	6,143	275	303
Montour	2,079	2,642	2,363	18	14
New York Central Lines	47,028	52,140	54,787	45,700	55,774
N. Y., N. H. & Hartford	10,402	10,182	10,008	14,391	18,209
New York, Ontario & Western	1,040	1,166	1,328	2,342	3,354
New York, Chicago & St. Louis	5,927	6,798	7,058	12,535	14,978
N. Y., Susquehanna & Western	376	489	657	1,804	2,368
Pittsburgh & Lake Erie	6,442	8,182	8,321	6,690	9,157
Pere Marquette	4,906	5,468	5,694	5,988	7,154
Pittsburgh & Shawmut	774	793	964	39	7
Pittsburg, Shawmut & North	176	321	436	197	238
Pittsburgh & West Virginia	870	1,219	1,117	2,069	3,138
Rutland	420	373	420	1,250	1,323
Wabash	5,645	6,096	6,453	10,032	11,874
Wheeling & Lake Erie	5,257	5,853	6,172	3,954	4,453
Total	149,280	167,976	171,200	186,040	226,296
Allegheny District—					
Akron, Canton & Youngstown	535	790	732	1,003	1,249
Baltimore & Ohio	42,069	47,356	46,446	23,754	28,181
Bessemer & Lake Erie	4,260	5,835	6,893	1,819	1,739
Buffalo Creek & Gauley	---	---	341	---	---
Cambria & Indiana	736	1,743	1,699	11	6
Central R. R. of New Jersey	6,578	7,102	7,752	16,032	19,511
Cornwall	528	536	665	45	55
Cumberland & Pennsylvania	203	191	212	7	14
Ligonier Valley	50	117	146	10	37
Long Island	2,542	1,873	1,665	4,200	4,573
Penn-Reading Seashore Lines	1,863	2,027	1,861	2,018	2,479
Pennsylvania System	80,250	91,627	85,818	59,120	68,655
Reading Co.	14,440	16,072	14,982	24,773	29,631
Union (Pittsburgh)	16,046	20,009	20,857	5,277	6,631
Western Maryland	4,126	4,135	3,955	11,180	13,383
Total	174,226	199,413	194,024	149,249	176,244
Pocahontas District—					
Chesapeake & Ohio	30,028	30,129	28,898	13,736	14,235
Norfolk & Western	21,890	22,331	23,118	6,624	8,355
Virginian	5,043	4,531	4,743	1,703	2,437
Total	56,961	56,991	56,759	22,065	25,027
Southern District—					
Alabama, Tennessee & Northern	384	340	326	262	354
Atl. & W. P.—W. R. R. of Ala.	783	865	700	1,938	2,487
Atlanta, Birmingham & Coast	800	908	727	1,069	1,447
Atlantic Coast Line	10,235	11,568	11,673	8,434	10,810
Central of Georgia	3,799	3,627	3,831	4,424	4,706
Charleston & Western Carolina	427	408	380	1,237	1,676
Clinchfield	1,701	1,601	1,678	2,512	3,762
Columbus & Greenville	401	356	359	347	347
Durham & Southern	176	163	147	649	469
Florida East Coast	877	789	1,360	1,204	1,521
Gainesville Midland	65	52	44	119	93
Georgia	1,211	1,182	1,182	2,214	2,865
Georgia & Florida	359	404	442	597	585
Gulf, Mobile & Ohio	4,771	4,854	4,365	4,290	3,988
Illinois Central System	25,597	30,589	29,892	17,385	18,092
Louisville & Nashville	25,919	26,030	25,495	10,024	11,521
Macon, Dublin & Savannah	228	211	192	725	671
Mississippi Central	353	406	263	494	513
Nashville, Chattanooga & St. L.	3,476	3,437	3,682	3,829	4,739
Norfolk Southern	1,117	1,121	1,034	1,844	1,872
Piedmont Northern	403	396	368	1,385	1,374
Richmond, Fred. & Potomac	421	469	363	8,081	9,163
Seaboard Air Line	8,952	9,073	9,924	7,909	8,868
Southern System	25,592	24,994	23,282	22,454	25,219
Tennessee Central	663	747	602	869	955
Winston-Salem Southbound	150	148	176	989	1,175
Total	118,860	124,733	122,487	105,272	119,272
Northwestern District—					
Chicago & North Western	19,839	21,075	22,749	15,219	15,305
Chicago Great Western	2,663	2,590	2,987	3,422	3,656
Chicago, Milw., St. P. & Pac.	22,803	22,905	23,471	10,680	11,412
Chicago, St. Paul, Minn. & Omaha	3,889	3,711	4,305	4,533	4,341
Duluth, Missabe & Iron Range	23,871	26,957	29,677	584	216
Duluth, South Shore & Atlantic	1,905	918	1,079	533	560
Elgin, Joilet & Eastern	7,786	9,408	9,379	8,140	10,458
Ft. Dodge, Des Moines & South	452	423	410	93	82
Great Northern	24,780	26,461	28,464	6,415	6,532
Green Bay & Western	509	599	736	843	931
Lake Superior & Ishpeming	2,735	1,935	2,184	73	61
Minneapolis & St. Louis	2,458	2,399	2,599	2,529	2,904
Minn., St. Paul & S. S. M.	8,324	7,799	8,191	3,455	2,977
Northern Pacific	13,451	13,976	14,089	4,871	6.608
Spokane International	160	196	171	351	597
Spokane, Portland & Seattle	2,141	2,918	2,901	2,924	3,804
Total	137,766	144,270	153,392	64,665	70,444
Central Western District—					
Atch., Top. & Santa Fe System	25,199	25,527	23,263	12,355	16,303
Alton	*3,392	3,792	3,403	*3,182	4,554
Bingham & Garfield	304	334	505	99	113
Chicago, Burlington & Quincy	20,166	21,634	22,031	12,153	14,568
Chicago & Illinois Midland	3,233	2,983	2,947	769	764
Chicago, Rock Island & Pacific	12,452	13,208	12,925	12,261	13,490
Chicago & Eastern Illinois	2,748	3,057	2,829	3,281	5,203
Colorado & Southern	897	885	970	2,144	3,220
Denver & Rio Grande Western	4,730	5,503	4,956	6,134	7,735
Denver & Salt Lake	837	966	467	59	36
Fort Worth & Denver City	972	923	1,593	1,587	2,098
Illinois Terminal	2,139	2,197	1,971	1,945	2,193
Missouri-Illinois	1,237	1,443	1,223	645	586
Nevada Northern	1,415	1,590	2,043	91	87
North Western Pacific	1,046	1,334	1,138	802	764
Peoria & Pekin Union	4	1	8	0	0
Southern Pacific (Pacific)	31,914	35,847	33,823	12,352	15,059
Toledo, Peoria & Western	231	268	308	1,742	2,028
Union Pacific System	18,043	21,241	18,680	16,761	20,029
Utah	709	530	599	7	5
Western Pacific	2,580	2,375	2,179	4,377	6,009
Total	134,248	145,638	137,861	92,746	114,844
Southwestern District—					
Burlington-Rock Island	394	718	311	383	475
Gulf Coast Lines	*3,473	4,974	6,101	*2,193	2,497
International-Great Northern	*2,322	2,563	2,677	*3,157	3,601
Kansas, Oklahoma & Gulf	‡	‡	640	‡	‡
Kansas City Southern	2,268	5,315	5,418	2,636	3,143
Louisiana & Arkansas	2,829	3,613	3,129	2,205	2,522
Litchfield & Madison	427	296	359	1,267	1,319
Midland Valley	1,517	1,159	745	1,916	1,732
Missouri & Arkansas	183	151	147	329	490
Missouri-Kansas-Texas Lines	5,322	5,844	6,715	3,820	5,249
Missouri Pacific	16,851	18,516	17,803	15,515	20,170
Quanah Acme & Pacific	134	93	78	242	269
St. Louis-San Francisco	9,557	10,652	8,962	8,013	9,055
St. Louis-Southwestern	2,646	3,539	3,193	4,763	5,996
Texas & New Orleans	8,151	10,424	13.455	5,149	6,005
Texas & Pacific	4,752	5,638	5,067	6,625	7,233
Wichita Falls & Southern	80	80	100	60	42
Weatherford M. W. & N. W.	16	31	21	23	45
Total	60,922	73,606	74,921	58,296	69,843

*Previous week's figure. †Not reporting. ‡Included in Midland Valley Ry.
Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1945—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
July 7	180,155	99,960	575,918	62	94
July 14	151,085	145,797	575,134	90	94
July 21	121,864	156,619	537,639	96	94
July 28	127,772	156,519	507,758	95	94
Aug. 4	223,467	153,694	577,024	94	94
Aug. 11	157,653	153,368	582,785	94	94
Aug. 18	82,362	109,034	532,186	67	93
Aug. 25	131,952	161,763	488,289	99	94
Sept. 1	173,322	159,653	494,699	97	94
Sept. 8	160,857	125,683	527,938	80	93
Sept. 15	150,029	160,303	515,295	96	93
Sept. 22	128,061	151,365	489,702	93	93
Sept. 29	162,065	155,428	492,880	96	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Locke to Study China Industrialization

President Truman has selected Edwin A. Locke Jr. as his representative to go to China to ascertain how America can help in the indutrialization of that country, the Associated Press reported from Washington, Sept. 29, adding that Mr. Locke would be accompanied by an economic adviser, Albert Z. Carr. Of special interest will be the large industries in Manchuria and other liberated provinces which have now been acquired by China.

Mr. Locke, who assisted Donald M. Nelson on the War Production Board, will submit to the President his report and recommendations on Chinese-American economic relations upon his reutrn to the United States. This it is stated is not Mr. Locke's first such mission. As personal representative of the President last year he was authorized to accept appointment as economic adviser to the national government of China, the Associated Press stated, and continued:

On his present mission Mr. Locke will arrange for ending the work of the American production mission established in 1944 to aid China's war effort. This was originally organzied by Mr. Nelson, but Mr. Locke took it over when Mr. Nelson resigned from the Government and has maintained a staff of 20 American industrial specialists in Chungking.

Since the Japanese surrender, the mission has been aiding China with initial reconversion problems.

"While concluding this war mission," President Truman stated, according to the Associated Press, "the American Government desires to continue its close cooperation with China. The American production mission is tangible evidence of the enduring friendship of our two nations.

"Out of our work together on problems of war production have come practical experience and mutual high regard which will be of great value to the future economic relations of our two countries and the world."

Portugal Celebrates 35th Year as Republic

The peoples of Portugal on Oct. 5, the 35th anniversary of the proclamation of their republic, received a message of congratulation from the President of the United States, addressed to their President, Antonio Oscarde Fragoso Oarmona, which read, according to the New York "Times" dispatch from Washington:

"Upon this anniversary of the proclamation of the republic, I extend to Your Excellency and to the people of Portugal the sincere congratulations and best wishes of the people of the United States."

Lumber Movement—Week Ended September 29, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 432 mills reporting to the National Lumber Trade Barometer were 14.6% above production for the week Sept. 29, 1945. In the same week new orders of these mills were For reporting softwood mills, unfilled order files of the reporting mills amounted to 80% of stocks. For reporting softwood mills, unfilled orders are equivalent to 27 days' production at the current rate, and gross stocks are equivalent to 33 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 4.6%; orders by 7.5%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 40.2% less; shipments were 32.3% less; orders were 33.7% less.

Items About Banks, Trust Companies

Frederick E. Hasler, President of the Continental Bank & Trust Co. of New York, announced on Oct. 4 following a meeting of the board of directors that a special meeting of stockholders will be held on Oct. 30 to vote on a proposal to increase the capital stock from $4,000,000 to $5,000,000 by the issue of a stock dividend of 25%. The dividend, consisting of 100,000 shares of the $10 par value capital stock, would be paid by the distribution of one share of stock for each four shares held by stockholders of record at the close of business on Oct. 15. Mr. Hasler said that in the opinion of the directors the conservative policy which the bank had followed in regard to dividends would permit a maintenance of the current dividend rate of 80 cents a share after the declaration of the 25% stock dividend. Upon approval of the stock dividend by stockholders, the capital structure of the bank will be: Capital $5,000,000; surplus $5,000,000; undivided profits (approximate) $1,210,000; unallocated reserves (approximate) $500,000, making a total of $11,710,000.

The First National Bank of New York reports in its statement as of Sept. 29, 1945, total resources of $1,150,059,668 and total deposits of $995,069,291 compared with $1,291,924,162 and $1,151,978,625 respectively on June 30, 1945. At the end of September the bank reported United States Government bond obligations of $763,105,970, contrasted with $828,982,399 on June 30. Loans and discounts at the latest date are shown as $126,183,033 against $209,042,486 at the end of June. Undivided profits increased from $21,040,321 on June 30, to $22,046,514 on Sept. 29, after making provision for the Oct. 1 dividend of $2,000,000. Capital and surplus shown as $10,000,000 and $100,000,000 in the September report, are unchanged from the June 30 figures.

The Singapore branch of The National City Bank of New York was reopened Oct. 1.

Three officers of the Chase Bank, an affiliate of the Chase National Bank of New York with branches in Paris and the Far East, are en route to China to begin preparations for the reopening of the bank's branches there. Eric A. G. Petersen, manager of the Shanghai office, and Roy G. Fairfield, manager at Tientsin, are returning to the branches with which they were associated for many years prior to Pearl Harbor. Both were repatriated in December, 1943, after interment by the Japanese. William J. Lammeck will accompany Mr. Petersen to Changhai as assistant manager. Mr. Petersen and Mr. Lamneck left New York on Oct. 7 for San Francisco, from whence Mr. Fairfield sailed a few days previously.

The statement of condition of the Chase National Bank of New York as of Sept. 29, 1945, shows total deposits of the bank of $4,620,617,797, which compares with $4,952,627,000 on June 30, 1945. Total resources as shown in the latest report amounted to $4,965,393,701, against $5,288,247,000. Cash on hand and due from banks is now shown as $885,689,923, which compares with $887,309,000 as of June 30. U. S. Government securities held Sept. 30 are reported as $2,765,350,070, against $2,900,026,000; while loans and discounts at the latest date are $919,835,477, compared with $1,159,769,000 three months ago. The capital and surplus of the bank remain unchanged at $111,000,000 and $124,000,000, respectively.

J. Luther Cleveland, President of Guaranty Trust Company of New York, announces the appointment of Herman W. Warnken, formerly Assistant Secretary, as a Second Vice-President of the company.

Brown Brothers Harriman & Co., private bankers, report that as of Sept. 30, 1945, total deposits amounted to $180,665,748, compared with $167,857,610 on June 30. Total assets as of the most recent report are shown as $202,845,069, against $189,584,235 three months ago. Capital and surplus advanced from $13,654,792 in June to $13,666,066 at the present time. Cash on hand and due from banks now total $40,112,514 while U. S. Government securities amount to $66,738,506, these figures comparing with $36,302,714 and $57,517,175, respectively, for the period ending June 30. Loans and discounts are now reported as $45,330,805, against $42,936,737 three months ago.

Lt.-Col. Harold H. Kaufman, presently on terminal leave from the Army Air Force, has rejoined the Manufacturers Trust Company of New York as an Administrative Vice-President at its main office. Colonel Kaufman had been on a leave of absence from the bank for 37 months. He was commissioned a Captain in the Air Forces in August of 1942. He served overseas with the 12th and 15th Air Forces during the Tunisian Naples-Foggia and Rome-Arno campaigns. While overseas he was in turn commanding officer of a large service group servicing many groups of heavy bombers and fighter escorts, Asst. Chief of Staff of the 15th Air Force Service Command and commanding officer of an Advanced Air Force Depot. He was returned to the United States to assist with problems arising out of the termination of war contracts and at the time of Colonel Kaufman's separation from service he was assigned to the executive office of the Chief of Readjustment Division, Hdqrs. Air Technical Service Command, Wright Field, Dayton, Ohio.

The consolidated net operating earnings of Marine Midland Corporation and its constituent banks, trust companies and other affiliates for the third quarter of 1945, after contingent provision for taxes of $577,000, were $1,155,450, or 20 cents a share. This compares with $1,175,647, or 20 cents a share after provision for taxes of $425,000 for the same quarter of 1944. For the first nine months of 1945 the net operating earnings after taxes of $1,598,000 were $3,264,200, or 57 cents a share, as against $3,310,552, or 57 cents a share, after taxes of $1,236,000 for the same period of 1944. These earnings, it is indicated, are adjusted to minority interest as reported to the New York Stock Exchange. Dividends received by Marine Midland Corporation, the parent company only, during the first nine months of 1945 from its constituent banks and trust companies, plus its other income, less its expenses and taxes for the period, was $1,116,707, slightly over 19 cents a share. This compares with $751,146 for the same period of 1944.

Percy H. Johnston, Chairman of the Chemical Bank & Trust Company of New York, announces the appointment of Samuel H. Cropper as Assistant Manager of the Madison Avenue at 46th Street office. Mr. Cropper is Assistant Vice-President of the Bloomfield Bank & Trust Company, of Bloomfield, N. J., with which institution he has been associated for the past 18 years. Mr. Cropper is a graduate of the Graduate School of Banking, Rutgers University, and is Treasurer of the town of Bloomfield. He will report for duty with the Chemical on Nov. 1.

In its statement of condition Sept. 30, 1945, the United States Trust Co. of New York shows total resources of $160,712,624 and deposits of $128,000,750. These figures compare with $170,549,226 and $138,883,868 on June 30. The Sept. 30 resources include cash in banks of $27,156,620, against $26,651,526 on June 30, loans and bills purchased (Sept. 30) of $23,964,412, as compared with $28,596,121 three months ago, and U. S. Government obligations of $93,659,761, against $99,776,136 at the end of June. Capital stock continues unchanged from the June 30 figures at $2,000,000 and $26,000,000, respectively, while undivided profits have risen from $2,583,418 to $2,606,545 on Sept. 30.

Following a meeting of the board of directors of the Bank of the Manhattan Company held Oct. 4, F. Abbot Goodhue, President, announced that Capt. William R. Driver, Jr., was elected an Assistant Vice-President and will return to the bank on Oct. 15 and again be associated with the bank's New England division. Captain Driver entered military service on April 1, 1944, as a private, attended Officers' Candidate School at Camp Lee where he received his commission as Second Lieutenant, was assigned to the Control Division of the Army's Service Forces and subsequently was promoted to First Lieutenant and recently Captain.

Sterling National Bank & Trust Company of New York reports, in its statement of condition as of Sept. 30, 1945, total resources of $154,898,285, an increase over the June 30, 1945, total of $153,439,196. Deposits now at $140,773,641, compare with $146,876,255 June 30. Of the September total deposits, U. S. Government deposits amounted to $19,801,877, as against $38,004,142 three months ago. Commercial and other deposits reached an all-time high of $120,971,763, compared with $108,872,112. Capital, surplus and undivided profits increased to $5,406,530, a new high, as against $5,368,573 on June 30, last. Cash and due from banks amounted to $27,217,352 on Sept. 30, 1945, as against $30,376,544 on June 30, 1945; U. S. Government securities were up to $94,769,873, compared with $86,849,158; State, municipal and corporate securities amounted to $1,243,227, as against $1,071,166; loans and discounts were $30,613,969, compared with $34,198,028; reserves increased to $1,210,594, as against $878,970.

At the regular meeting of the board of directors of the National City Bank of New York held Oct. 3, David A. Campbell and Robert P. MacFadden were appointed Assistant Cashiers.

J. Henry Schroder Banking Corporation reports total resources of $57,939,975 on Sept. 30, 1945, against $60,095,496 on June 30, 1945. Cash on hand and due from banks is now shown as $5,839,385, against $7,111,689. U. S. Government securities Sept. 30 were $37,646,634, against $37,293,838; customers' liability on acceptances, $5,944,498, compared with $4,650,900. Surplus and undivided profits are now $2,670,912, against $2,665,495 in the previous quarter; amount due to customers is reported at $41,206,456, against $44,937,458. Acceptances outstanding were $7,157,878, against $5,801,379.

Schroder Trust Company reported Sept. 30 resources of $41,962,661, compared with $44,841,863 on June 30; cash and due from banks, $5,514,510 (against $7,642,212. U. S. Government securities, $31,286,908, against $32,488,362; loans and discounts, $4,417,315, against $3,898,692. Surplus and undivided profits were $2,072,623, against $2,067,158. Deposits were $37,764,823, against $40,738,673.

The Continental Bank & Trust Co. of New York announces that Roger F. Hornby had been elected an Assistant Vice-President in charge of the personnel department and Albert W. Doyle elected an Assistant Trust Officer. Both have been in the Trust Department of the bank for several years.

The statement of condition as of Sept. 30, 1945, of the Grace National Bank of New York shows deposits of $84,412,938, as compared with $92,942,431 on June 30, 1945, and $67,201,389 a year ago. Surplus and undivided profits amounted to $3,536,589, as compared with $3,420,930 on June 30, 1945, and $3,219,866 a year ago. Cash in vault and with banks totaled $15,510,874 Sept. 30, as compared with $17,028,142 on June 30, 1945, and $15,132,005 a year ago. U. S. Government securities were $43,904,462, as compared with $56,254,735 on June 30, 1945, and $37,457,706 a year ago. Loans and discounts were $25,452,944, as compared with $19,052,413 on June 30, 1945, and $14,205,997 a year ago.

Four new officers were elected at the annual meeting on Oct. 1 of the Providence (R. I.) Institution for Savings, it is learned from the Providence "Journal," which states that these included Dwight T. Colley as a member of the board of trustees; Stanley J. Daley, Assistant Secretary; Anthony W. Rzepiela, Assistant Secretary, and William B. Fairman, Statistician. It is added that elected to the board of investment of the bank was Thomas F. Black, Jr., a member of the board of trustees. The "Journal" also states that A. Livingston Kelley, treasurer of the Angell Electroforming Corp., was re-elected President of the Providence Institution for Savings, "The Old Stone Bank," at the 126th annual meeting of the bank on Oct. 1. It is further indicated that for the first time in the institution's history, it was announced at the meeting, current resources are in excess of $100,000,000 with the total as of the close of business one Saturday, Sept. 29, set at $102,168,087.

Sidney T. Maxwell, Chairman of the board of the Mechanics Savings Bank, of Hartford, Conn., announced the election of Francis S. Murphy to the board of trustees of the bank on Oct. 2, the Hartford "Courant" reports. Mr. Murphy is publisher of the Hartford "Times" and is a director of the New England Council and the Hartford Chamber of Commerce.

The National Bank of Commerce of Lincoln, Neb., announces the election Oct. 1 of Marshall D. Hewitt as Assistant Vice-President and Manager of its personal loan department. Byron Dunn is President of the bank.

The Merchants & Farmers Bank of Columbus, Miss., became a member of the Federal Reserve System on Oct. 1, it is announced by the Federal Reserve Bank of St. Louis, which also stated: "The new member was chartered July 15, 1902, and opened for business March 9, 1903. It has a capital of $100,000, surplus of $130,000 and total resources of approximately $3,800,000. Its officers are: C. H. Reeves, President; T. H. Henry, Vice-President; J. O. Slaughter, Vice-President, and D. D. Patty, Cashier. The addition of the Merchants & Farmers Bank brings the total membership of the Federal Reserve Bank of St. Louis to 490 as compared with 472 a year ago."

Officials of the Union Trust Co. of Pittsburgh have announced that Henry Cooper II has joined the staff of the company's personal trust department, it was made known in the Pittsburgh "Post Gazette" of Oct. 1, which added:

"He was formerly a trust officer of the Peoples-Pittsburgh Trust Company.

"Mr. Cooper was admitted to the Bar in 1934."

IBA Pledges Victory Drive Cooperation

The Investment Bankers Association of America announced on Sept. 28 that, as in the past, it has again offered its fullest cooperation to the Treasury in the forthcoming Victory Loan bond drive, the last of the big public drives to mobilize the money power of the nation.

John Clifford Folger, President of the association, in a communication to its members states:

We are advised that Treasury expenditures will continue at high levels for some time. Men in the armed forces must be brought home and given their mustering-out pay; the injured must be cared for, and the families of men lost must be given support. Business men, eager to convert to peace time operation, will want prompt settlement of terminated war contracts. All this points to the urgency of raising the $11,000,000,000 of the Victory Loan in the shortest possible time.

The Campaign opens on Oct. 29 and extends through Dec. 8. Investment bankers are requested by the Treasury to keep new financing at a minimum during the period from Oct. 29 to Nov. 15. This may be spoken of as the period of the Yellow light. The Red light will go on on Nov. 15, and from then until Dec. 8, no underwritings whatsoever should be offered.

The Treasury Department has expressed keen appreciation for what we have done in past campaigns, and has asked us to again back up a man from the investment business who will give full time to directing the activities of security dealers in the Victory Loan Drive. Morris M. Townsend of New York has made himself available for this important job. He will be stationed at the Treasury from now on until the end of the Campaign.

Mr. Townsend is well qualified for this assignment, having been in Wall Street for more than 18 years, of which the last 10 years were with W. E. Hutton & Co. He has also served the Treasury Department in three of the seven War Loan drives, and is thoroughly familiar with the work from that end.

Mr. Townsend, special consultant for Investment Bankers' may be reached at 733 Washington Building, Washington 5, D. C.

Cotton Spinning for August

The Bureau of Census announced on Sept. 25 that, according to preliminary figures, 23,776,300 cotton spinning spindles were in place in the United States on August 31, 1945, of which 22,170,180 were operated at some time during the month, compared with 22,030,280 in July, 22,188,330 in June, 22,167,678 in May, 22,158,674 in April and 22,240,676 in August 1944. The aggregate number of active spindle hours reported for the month was 8,792,784,268 an average of 370 per spindle in place, compared with 7,922,813,588, an average of 343 per spindle in place, for last month and 9,947,190,990, an average of 428 per spindle in place, for August 1944. Based on an activity of 80 hours per week, cotton spindles in the United States were operated during August 1945 at 100.5% capacity. The percent, on the same activity basis, was 102.0 for July, 118.8 for June, 114.8 for May, 116.9 for April, and 116.2 for August 1944.